(This ADEQ document matches the official rulemaking published at 4 A.A.R. 2672)

NOTICE OF FINAL RULEMAKING

TITLE 20. COMMERCE, BANKING, AND INSURANCE

CHAPTER 2. DEPARTMENT OF WEIGHTS AND MEASURES

PREAMBLE

1.	**Sections Affected**	**Rulemaking Action**
	R20-2-701	Amend
	R20-2-709	Amend
	R20-2-721	Amend
	R20-2-750	Amend
	R20-2-751	Amend
	R20-2-751.01	Repeal
	R20-2-752	Amend
	R20-2-753	Amend
	R20-2-754	Amend
	R20-2-755	Amend
	R20-2-756	Amend
	R20-2-757	Amend
	R20-2-758	Amend
	R20-2-759	Amend
	R20-2-760	Amend
	R20-2-761	Amend
	R20-2-762	Amend
	Table 1	Amend
	Table 2	Amend
	Table 3	Repeal

2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Laws 1997, Ch. 117

3. The effective date of the rules:

October 1, 1998

4. A list of all previous notices appearing in the Register addressing the final rule:

Notice of Rulemaking Docket Opening:

3 A.A.R. 2695, October 3, 1997

Notice of Proposed Rulemaking:

3 A.A.R. 3079, November 7, 1997

5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

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6. An explanation of the rule, including the agency's reasons for initiating the rule:

The urbanized area of Maricopa County has been experiencing violations of the National Ambient Air Quality Standards (NAAQS) for ozone ever since the standard was adopted in the late 1970's. Under the federal Clean Air Act Amendments of 1990, this area was classified as a "moderate" nonattainment area for ozone by the Environmental Protection Agency (EPA). However, due to continuing exceedances of the ozone standard, the EPA redesignated the Phoenix airshed to a "serious" nonattainment area, effective on December 8, 1997.

In order to address the air quality problems, Governor Symington issued Executive Order (EO) 96-6 on May 24, 1996. EO 96-6 created a Task Force charged with evaluating and recommending measures that could be implemented to reduce

the formation of ozone, particulate matter, and carbon monoxide. During the time period of August through September of 1996, the Task Force considered hundreds of suggestions by the general public, private businesses, and governmental entities. Additionally, the Task Force collected and evaluated information related to dozens of ozone control measures adopted by jurisdictions in every area of the country. Based on the evaluation of the information presented to them, on December 2, 1996, the Task Force released their report containing 35 recommended air pollution control measures.

Of the 35 control measures recommended by the Task Force, two measures ranked above the rest in their ability to reduce emissions of ozone-forming pollutants and their ability to be implemented in a short time period:

- Opt into the Federal Reformulated Gasoline (RFG) program beginning in the 1997 ozone season; and
- Selection of a gasoline formulation by 1999 for long-term use. Gasoline formulations recommended by the Task Force included 1) a performance-based gasoline capable of a 10% volatile organic compound (VOC) reduction; 2) Federal Phase II RFG; and 3) California Air Resources Board (CARB) Phase 2 RFG.

Governor Symington acted on the Task Force recommendation by sending a letter to the Environmental Protection Agency (EPA) on January 17, 1997, requesting that the Maricopa County ozone nonattainment area be included in the Federal RFG program beginning June 1, 1997. Opting into the Federal RFG program enabled the implementation of a control measure that had immediate air quality benefits for the 1997 ozone season.

The request by Governor Symington to opt into the Federal RFG program was contingent on the EPA's assurance that Arizona would be able to exit the program in 1998 and implement their own State-enforced program. The State program, if approved by EPA, would mandate the use of a long-term gasoline recommended by the Task Force. This was an important decision that allowed the State the flexibility to implement a program with greater environmental benefits at an earlier time period than would be achieved if Arizona were to remain in the Federal program.

During the 1997 regular legislative session, the choice of a long-term gasoline for the Maricopa County area was debated. Many issues played a key role in the decision of the type of gasoline to require, such as cost of production, cost to

consumer, supply and transport issues, and environmental benefits. Based upon these considerations, the State Legislature passed House Bill (HB) 2307. This bill provides for increasing environmental benefits by requiring gasoline dispensed for use in motor vehicles within area A to meet the following formulations during the specified time periods. Area A is a term defined in statute to describe those portions of the Phoenix metropolitan and surrounding areas for which air pollutant control programs are necessary to protect air quality.

- From June 1, 1998 through September 30, 1998, gasoline must meet either CARB Phase 2 or Federal Phase I gasoline standards.
- From and after May 1, 1999, gasoline must meet either CARB Phase 2 or Federal Phase II gasoline standards.

Additionally, the gasoline must meet the maximum 7.0 psi summertime vapor pressure requirements contained in A.R.S. Section 41-2083(F) and wintertime oxygenate and vapor pressure requirements as provided in A.R.S. Sections 41-2123 and 41-2083(D), respectively.

To ensure that a State-enforced gasoline program was in place for the 1998 ozone season, HB 2307 was passed as an emergency measure, operative immediately. The bill required ADEQ, in consultation with the Arizona Department of Weights and Measures (ADWM), to adopt interim rules reflecting the 1998 and 1999 fuel requirements by September 15, 1997.

In order to meet the mandated deadline, ADEQ and ADWM held a series of ten public workshops with interested parties from May 22 through July 15, 1997, to develop a proposed interim rule that would achieve the following requirements:

1) Provide the maximum flexibility for producers and transporters of gasoline to minimize costs and to ensure that the supply of gasoline would not be disrupted;
2) Meet the requirements of HB 2307; and
3) Contain an enforceable program that meets EPA criteria for approval.

Arizona Cleaner Burning Gasoline (CBG) is the name chosen for the Arizona version of "reformulated gasoline". The Arizona CBG interim rule was proposed by publishing a notice in the newspaper on July, 15, 1997. A public hearing was held on the proposed interim rule at ADEQ on August 15, 1997, the date of close of the public comment period.
The Arizona CBG interim rule was adopted by ADEQ on September 12, 1997, and was submitted to EPA as a State Implementation Plan (SIP) revision. EPA proposed approval of the interim rules on November 20, 1997, and issued a notice of final rule making (NFRM) approving the CBG program on February 12, 1998. The interim rules apply to gasoline distributed for use in motor vehicles in area A after June 1, 1998, and will remain in effect until October 1, 1998, the proposed effective date of this rule. This is the earliest possible date for this rule since the permanent rule must replace the interim rule and R20-2-751.01, et al, needs to be in effect until September 30, 1998. ADEQ plans to submit the permanent rule to EPA as a SIP revision when it becomes effective.

On May 29, 1998, Senate Bill (SB) 1427 was signed by Governor Hull, revising the definition of area A. Due to increasing population and the need for further control of air pollutant emissions, SB 1427 modified the definition of area A for most air quality programs to include additional areas of Maricopa County, as well as neighboring portions of Pinal and Yavapai counties. For the Arizona CBG program, which previously was effective for all of Maricopa County, the revised definition of area A will reduce the applicability of the program to only those portions included in the new area A definition. This change was effective on August 21, 1998, and applies automatically in the Arizona CBG rule. To avoid conflict between the statute and rule area A definitions, the area A definition contained in R20-2-701 has been deleted.

The rule contains requirements for every person in the gasoline distribution system to insure that area A will receive gasoline that meets the requirements mandated by HB 2307 and provides significant benefits to the air quality. The provisions of this rule will be enforced by the Department of Weights and Measures. A summary of each section of the rule is provided below.

Section-by-Section Explanation of the Final Rule

R20-2-701 This section contains definitions for CBG and for other ADWM motor fuels and petroleum products rules. This final CBG rule contains 4 definitions that are new from the interim rule. The total number of definitions added to this section for CBG is 38.

R20-2-709 This section existed before the CBG rule. It provides record retention requirements for service stations and fleet owners. For all motor fuels other than Arizona CBG, documentation to verify the quantity and grade of each motor fuel delivered shall be retained for at least the three most recent deliveries of each grade or motor fuel. For Arizona CBG, the product transfer documents (PTDs) for each shipment of gasoline delivered in the preceding 12 months is to be maintained. In the final rule, the PTDs for only the three most recent deliveries is to be maintained on the premises. This is consistent with federal regulations. The remainder of the documentation shall be available within 2 working days from the time of request by the Director.

R20-2-721 This section also existed before the CBG rule. It provides the methodology for sample collection and a list of facilities for which ADWM or its authorized agents shall collect and analyze samples. This section also provides that all documentation required by this Article shall be available for inspection by ADWM or its authorized agents. R20-2-721(B) has been deleted because it is outdated.

R20-2-750 This section provides registration requirements for refiners, importers, oxygenate blenders, pipelines, and 3rd-party terminals that will be producing, importing, or otherwise handling Arizona CBG or Arizona reformulated gasoline blendstock for oxygenate blending (AZRBOB). The registration is required to be on forms prescribed by the Director, and shall be resubmitted within 10 calendar days after the effective date of any changes.

R20-2-751 This section provides the standards that all Arizona CBG within the gasoline distribution system must meet on or after May 1, 1999. Additionally, producers or importers (referred to as registered suppliers) are required to meet more stringent standards than the standards that apply throughout the distribution system. Registered suppliers may elect the standards for which they will comply: Type 1 gasoline averaging option or non-averaging option, Type 2 gasoline averaging option, non-averaging option, or predictive model. This election is to be submitted to ADWM prior to transport of Arizona CBG to area A, and must be resubmitted when a change in the election occurs. This section outlines the

requirements for meeting each of the standards chosen by the registered supplier, as well as the consequences of failing to meet the standards.

R20-2-752 This section requires all registered suppliers to:

- Certify each batch of Arizona CBG and to provide ADWM with the certification information on a monthly basis;
- Retain records regarding the sampling and analysis of Arizona CBG. These records shall be maintained for a period of five years and are to be submitted to ADWM within 20 working days of a written request;
- Notify ADWM by facsimile prior to transport of Arizona CBG or AZRBOB to area A by means other than a pipeline; and
- Conduct a quality assurance/quality control (QA/QC) program or an independent testing program, unless exempt under R20-2-752(G).

R20-2-753 This section includes requirements that must be met in order for a pipeline or 3rd-party terminal to accept Arizona CBG or AZRBOB for transport. Pipelines and 3rd-party terminals are required to collect a sample of each incoming batch of gasoline, notify the Director if the batch does not meet the standards applicable throughout the distribution system, and develop and submit a QA/QC program to ADWM for approval. Additionally, pipelines are required to conduct sample analysis at a frequency of no less than one sample from one batch completing shipment per supplier per day at each input location. A monthly report summarizing the pipeline's laboratory testing results is to be submitted to ADWM within 10 calendar days of the end of each month.

R20-2-754 During the process of moving petroleum products, the interface where different petroleum products meet may create a mixture of petroleum distillate and gasoline that does not meet the Arizona standards for either petroleum distillate fuels or gasoline. This mixture is called transmix. This section allows pipelines to blend transmix into Arizona CBG or AZRBOB at a rate of no more than one quarter of one percent by volume and provides methods to be used to measure the rate of transmix blending.

R20-2-755 This section provides requirements for blending of oxygenate into AZRBOB, determining if the AZRBOB complies with the applicable standards, and recordkeeping and retention requirements.

Registered suppliers that supply AZRBOB from their production or import facility are required to have a quality assurance sampling and testing program. Oxygenate blenders are required to add the specified types and quantities of oxygenate to the AZRBOB supplied by the registered supplier, following the requirements for terminal blending, blending into trucks, or in-line blending, if applicable. Oxygenate blenders are required to conduct an independent testing program or submit a QA/QC program demonstrating the accuracy and effectiveness of their laboratory testing to ADWM for approval. Additionally, this section provides restrictions for transferring AZRBOB and for blending AZRBOB with other products.

R20-2-756 This section provides restrictions on blending Arizona CBG with nonoxygenate blendstocks. This activity is allowed only under the following circumstances:

- The blendstock that is added to the Arizona CBG meets all of the Arizona CBG standards without regard to the properties of the gasoline to which the blendstock is added and the person meets all of the requirements applicable to producers of Arizona CBG; and
- The person obtains prior approval of the Director. This approval shall be based on a demonstration that adding the blendstock to previously certified batch or mixture of certified batches of Arizona CBG is a reasonable means of bringing the gasoline into compliance with the applicable standards for Arizona CBG. The reblended Arizona CBG shall be recertified by the oxygenate blender or registered supplier.

R20-2-757 On each occasion when custody or title of Arizona CBG or AZRBOB is transferred, the transferor is required to provide the transferee with a PTD. The PTD provides information related to the custody, transfer date, transfer volume, physical characteristics, oxygenate requirements, oxygenate content, as well as other information related to the Arizona CBG or AZRBOB. Additionally, this section includes record retention requirements for PTDs which, upon request, shall be presented to ADWM.

R20-2-758 This section incorporates by reference the California Predictive Model and the Federal Complex Model.

R20-2-759 This section provides the testing methodologies for analysis of gasoline samples.

R20-2-760 Each registered supplier that elects to comply with the averaging standards is required to conduct compliance surveys in accordance with a survey program plan approved by ADWM. The survey shall

be planned and conducted by a person who is independent of the registered supplier. This section provides criteria for the number of surveys that shall be conducted, the time periods during which the surveys are to be conducted, general survey requirements, procedures for seeking Director approval of the survey plan, and methodology for determining survey results.

R20-2-761 This section outlines the liability of each person within the distribution system. Parties that would be liable under this section may be deemed to not be in violation if they can demonstrate that:

- The violation was not caused by the regulated party, its employee, or agent;
- PTDs account for all of the gasoline in the storage tank found in violation and indicate that the gasoline met applicable requirements; and
- The facility has conducted a quality assurance sampling and testing program; except that any person that transfers Arizona CBG or AZRBOB but does not assume title may rely on the quality assurance program carried out by another party, including the party that owns the Arizona CBG or AZRBOB in question, provided that the quality assurance program is carried out properly.

Additional defenses must be shown by facilities that are operating under the corporate, trade or brand name of a registered supplier in order for these facilities to be deemed not in violation.

R20-2-762 This section outlines the penalties applicable to any person who violates the provisions of this article.

7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable.

8. The summary of the economic, small business, and consumer impact:

I. Rule Identification

ADEQ, in consultation with ADWM, promulgated revisions to A.A.C. R20-2-701, 709, 721 and R20-2-750 through R20-2-762, known as the Arizona CBG rules. The statutory authority for this rule is contained in Laws 1997, Ch. 117 (House Bill 2307).

Title 20: Commerce, Banking, and Insurance

Chapter 2: Department of Weights and Measures

Article 7: Motor Fuels and Petroleum Products, §§701-762

II. Introduction

The primary purpose of the Arizona CBG rule is to permanently implement the provisions of the interim Arizona CBG rule, adopted by ADEQ on September 12, 1997, and published in the *Arizona Administrative Register* on October 3, 1997. The Arizona CBG rule provides requirements for every person in the gasoline distribution system to ensure that area A will receive gasoline meeting stringent standards that provide for improved air quality. Air pollutants that will be reduced by the implementation of this rule include ozone-forming air pollutants such as volatile organic compounds (VOCs), carbon monoxide (CO), and nitrogen oxides (NOx), as well as particulate matter (PM).

Gasoline distribution for the Maricopa County area, as well as for Arizona, is dependant on out-of-state refiners and one pipeline company. Refiners transport the gasoline from either El Paso or Los Angeles to Arizona through the pipeline owned by Kinder Morgan Energy Partners, L.P. (Kinder Morgan pipeline), previously owned by the Santa Fe Pacific Pipeline Partners (SFPP). Virtually all of the gasoline shipped to area A is via the Kinder Morgan pipeline, which handles gasoline, as well as other refined fuels. In some instances, the supplying refiners may ship the gasoline to a community gasoline storage facility (known as 3rd-party terminals) prior to transport to the pipeline. At the 3rd-party terminal, gasoline from different refineries may be stored in common tankage. The gasoline distribution system is fungible, which means, gasoline of the same grade from different batches produced by the same refiner or batches from different refiners may be mixed together in the 3rd-party storage tanks or at breakout tankage at the pipeline. Once the gasoline arrives in area A, it is transferred from the pipeline to local bulk terminals which handle the distribution of the gasoline to tank wagon fleets. Finally, the gasoline is distributed to the retail outlets and fleet vehicle fueling stations. The Arizona CBG rule contains provisions for gasoline sampling and analysis, documentation, and recordkeeping to ensure that the gasoline meets the applicable standards at each step within the gasoline distribution system.

The Arizona CBG rule provides refiners and importers flexibility to produce gasoline that complies with standards similar to either the California Phase 2 Reformulated Gasoline (CARB Phase 2) or the Federal Phase II Reformulated Gasoline (Federal Phase II) standards. Additionally, the Arizona CBG rule allows gasoline producers or importers to choose to comply with either a per-gallon standard or an averaging compliance option. The per gallon standards require that every gallon of gasoline produced by the refiner meet a specified standard for each of the regulated gasoline components. The averaging compliance option allows facilities to produce gasoline that meets standards lower than the per gallon standard limits as long as the overall average of all gasoline produced by the facility for transport to area A meets a more stringent standard when averaged over a specified timeframe. This is referred to as the "Arizona average" since it requires refiners to track separately any gasoline produced for shipment to area A.

III. Classes of Persons Affected

Potential classes of persons affected by this rule making include: oil importing and refining companies (known in the Final rule as "registered suppliers"), the Kinder Morgan pipeline, 3rd-party terminals, bulk terminals, gasoline distributors, gasoline transporters, ADEQ as the adopting agency, ADWM as the implementing agency, and the general public of Maricopa County. These persons will be affected by the CBG rule in varying degrees both from one class to another and within certain classes. A brief discussion of the anticipated effects on each of these classes is provided in the following paragraphs.

A. REGISTERED SUPPLIERS AND 3rd-PARTY TERMINALS

The enforcement of gasoline standards within area A has, and will, rely heavily on collection and analysis of samples within the Maricopa County area. However, as stated previously, all of the oil refining and importing companies (registered suppliers) and 3rd-party terminals that currently produce, import, or otherwise handle gasoline for transport into area A are located outside of Arizona. For this reason, the Arizona CBG rule relies more heavily on sample analysis performed by each of these facilities, as well as recordkeeping and reporting to demonstrate that the gasoline is complying with the appropriate gasoline standards. Additionally, each of these facilities must demonstrate to ADWM that their

laboratory is meeting minimum standards to ensure the accuracy of the laboratory analysis. This is done through the submittal to ADWM for approval of a laboratory quality assurance/quality control (QA/QC) plan. It is estimated that at least ten registered suppliers and three 3rd-party terminals will be affected by these requirements. In lieu of the QA/QC Plan requirements, registered suppliers may demonstrate the accuracy of the laboratory analysis and comply with the regulations by conducting an independent laboratory sampling program.

B. KINDER MORGAN PIPELINE

Ninety-nine percent of Arizona's gasoline is transported to area A through the Kinder Morgan pipeline. For liability reasons, the pipeline has implemented a laboratory testing program to verify that the gasoline input into the pipeline system meets the appropriate standards. The Arizona CBG rule does not contain any additional sampling and analysis requirements that were not previously performed by the pipeline. However, the rule does contain additional recordkeeping and reporting requirements that allow ADWM to utilize gasoline analysis information collected by Kinder Morgan.

C. GASOLINE DISTRIBUTORS, TRANSPORTERS, FLEET VEHICLE FUELING STATIONS, AND RETAIL FACILITIES

Anticipated effects from the implementation of this rule to gasoline distributors, transporters, fleet vehicle fueling stations and retail facilities are minimal. As with previous gasoline rules for area A, this final rule requires that a product transfer document (PTD) accompany the gasoline each time Arizona CBG is transferred. The PTD contains information relating to the physical characteristics of the gasoline and indicates that the gasoline is Arizona CBG for sale in area A. Each person handling gasoline within area A will be required to verify on the PTD that the gasoline is Arizona CBG and to maintain a copy of the PTD for a specified time period.

D. GOVERNMENTAL AGENCIES

Governmental agencies impacted by Arizona CBG include ADEQ and ADWM. ADEQ has adopted the permanent rule and will submit the rule to EPA as a SIP revision. Once adopted by ADEQ and approved by EPA, ADWM will implement and enforce the rule.

E. THE PUBLIC/ENVIRONMENT

Members of the public most affected by the implementation of the Arizona CBG rule include the residents of area A and surrounding areas (Maricopa County). Benefits to the health of the general public will be observed for all people who live in Maricopa and surrounding areas. Additionally, residents outside of but near Maricopa County and people that visit the Maricopa County area will experience improved air quality. Moreover, animal and environmental welfare affected by air pollution will be improved.

The general public also will be affected by the implementation of this rule because of the increased cost of production of the gasoline and the anticipated increase in gas consumption due to a minor reduction in fuel economy which, together, could range from $0.04 to $0.08 per gallon (see V.B.2 and V.B.5). Cost associated with the use of Arizona CBG will be limited to those people that purchase gasoline within area A. Exceptions include automobile racetracks and automobile proving grounds located in area A. Classes of consumers affected by the rule include:

- Motor vehicle operators;
- Lawn and landscaping equipment operators;
- Golf cart operators; and
- Operators of other gasoline-powered off-road equipment.

Approximate annual gasoline consumption in Maricopa County during the years 1993 through 1995 was (MathPro, November 7, 1996, p. 21):

- 1993 1,002.5 million gallons

- 1994 1,044.7 million gallons
- 1995 1,081.1 million gallons.

In addition to the residents of area A and surrounding areas, residents of other counties may be affected if they purchase gasoline in area A or during instances when Arizona CBG is sold outside area A.

IV. Anticipated Impacts on Employment, Revenues, and Expenditures

This rule making is expected to have minimal impacts on ADEQ and ADWM's employment requirements. In particular, ADEQ does not anticipate hiring additional staff due to the Arizona CBG rule. ADWM has hired one person to assist in implementing the rule.

This rule making will have no direct impact on state revenues because it is not a revenue-raising rule. However, the EPA and the Federal Highway Administration may withhold federal highway funds in the event that Maricopa County is unable to meet specified air quality requirements. Even though the production costs of CBG could result in a slight increase in its price as compared to the price of conventional gasoline, this additional cost is not expected to reduce gasoline sales. Thus, no decrease in gasoline tax revenues is predicted as a result of this price increase. However, it is possible that a minimal increase in tax revenues could accrue due to a slight increase in the volume of gasoline consumed because of the loss of fuel economy.

ADEQ anticipates that a small number of out-of-state jobs may be added at oil refineries to oversee the Arizona market. Additionally, out-of-state jobs may be added for the purpose of laboratory testing of gasoline and for conducting retail surveys. ADEQ expects employment levels at the retail level to remain unchanged.

V. Cost-Effectiveness Analysis

Based on data from Assessment of Fuel Formulations for Maricopa County (Mathpro; November 7, 1996), a study conducted for the State, the cost effectiveness for the production of gasoline meeting the Federal Phase II standards or the CARB Phase 2 standards ranges from $22,000 to $41,000 per ton of VOC reduced (See attached Exhibit 6.9). This cost effectiveness has been calculated by evaluating the costs associated with producing gasoline that meets the Federal Phase II standards or the CARB standards and comparing these costs with the anticipated emissions reductions.

A. BENEFITS

The benefits resulting from the implementation of the Arizona CBG rule consist of benefits to humans, animals, trees, plants, and materials. Registered suppliers may benefit economically from slightly increased sales of gasoline due to loss in fuel economy.

1. Benefits to Humans

The primary purpose of Arizona CBG is to reduce ozone pollution, which reaches unhealthful levels in Maricopa County. Health effects of ozone include damage to the respiratory system, reduced breathing capacity and chest pain, headache, nasal congestion and sore throat. Individuals with chronic respiratory diseases are especially susceptible to ozone.

Unlike most air pollutants, ozone is not emitted directly into the air from tailpipes or smokestacks; ozone is formed when sunlight and heat act upon VOCs and NOx in a series of complex chemical reactions in the atmosphere. In Maricopa County, 35 percent of the manmade VOC emissions are caused by on-road vehicles (cars, trucks) and approximately 23 percent are from off-road sources (lawn mowers, trimmers, construction equipment, etc). The use of CBG is anticipated to reduce VOC emissions from vehicles and gasoline-powered equipment tailpipes by approximately 10 percent.

In addition to ozone, the use of Arizona CBG will reduce vehicle emissions of particulate matter (PM), which also reaches unhealthful levels in Maricopa County. Particulate matter causes irritation and damage to respiratory systems, resulting in difficult breathing, inducement of bronchitis, and aggravation of existing respiratory diseases. Epidemiological studies

indicate increased health risks associated with exposure to PM, alone or in combination with other air pollutants. PM-related increases in individual health risks are small, but likely significant from an overall public health perspective because of the large numbers of individuals in susceptible risk groups that are exposed to ambient PM. PM_{10} and indicators of fine particles are more consistently associated with health risks than indicators of coarse particles. *See* EPA (1996).

Carbon monoxide emissions will also be reduced due to the implementation of the Arizona CBG rule. During the summertime, CO contributes to the formation of ozone. During the winter, CO itself reaches unhealthy levels. Health effects of elevated CO levels include a reduction in the ability of blood to carry oxygen in the body.

An additional benefit to the implementation of the Arizona CBG rule may be a reduction in toxic air pollutants. This reduction in toxic air pollutants is not required by the Arizona CBG rule; however, the reduction may occur due to the new gasoline standards that will be required under the rule. Toxic air pollutants are chemicals which are of concern due to the potential to cause cancer, birth defects, damage to the nervous system, or which may be poisonous. Additionally, toxic air pollutants may cause adverse environmental effects. Toxic air pollutants that will be reduced by the use of CBG include benzene, a known carcinogen, and 1,3-butadiene. Aldehyde emissions increase slightly.

2. Benefits to Animals, Plants, Trees, and Materials

Ozone injures animals, certain plants and trees, and damages materials. Experiments indicate even at low concentrations, animals may be injured if exposed to the ozone for long periods (*Air Quality in Arizona*, May 1988). Injuries fromozone to plants include chlorosis, necrosis, and pigment formation (Godish, 1991). Impacts from ozone to materials include the fading of textile materials and cracking in rubber compounds stretched or under pressure (Godish, 1991). In particular, “rubber cracking was one of the first effects of smog observed in the Los Angeles area” (Godish, 1991).

B. COSTS

The social cost to society, namely Maricopa County residents, due to the implementation of this rule is mainly comprised of impacts on the gasoline distribution system, the costs of production of CBG, and reductions in fuel mileage. Other social costs include those incurred by ADWM as the implementing agency.

1. Adoption and Implementation Costs

As the adopting and implementing agencies, ADEQ and ADWM will experience costs with the implementation of the Arizona CBG rule. The state appropriated $50,000 to ADEQ for the adoption of Arizona CBG rules and $150,000 to ADWM for the implementation and enforcement of Arizona CBG rule. ADWM anticipates an annual cost of approximately $290,000 for the implementation and enforcement of the rule. This cost includes the addition of one staff person, the cost of conducting audits of regulated facilities that are located outside of Arizona, and gasoline sampling and analysis.

2. Increased Cost of Arizona CBG

The cost to produce Arizona CBG is slightly more than the cost to produce conventional gasoline. The increased costs associated with producing gasoline that complies with the federal Phase II standards has been estimated at $0.02-0.05 per gallon, while producing gasoline that complies with the CARB Phase 2 standards costs $0.02-0.10 more per gallon (MathPro, 1996). Based on Maricopa County's annual gasoline consumption for 1995, the increased cost of production of Arizona CBG may be estimated at an additional $19.8 - $49.6 million per year, assuming the increased cost is comparable to those of the federal Phase II gasoline. This cost may be higher for those refiners that choose to produce gasoline that complies with the standards similar to the CARB Phase 2 standards. Due to competition among suppliers of gasoline, as well as market forces that impact the prices of gasoline, it is unknown how the cost differential will be allocated between producers and consumers. Although the Maricopa County gasoline market will determine this allocation, it is anticipated that registered suppliers will pass-on the increased costs of producing Arizona CBG to the consumer. However, historical gasoline pricing data from the Energy Information Administration for Texas and California indicate that the actual cost of reformulated gasoline passed-on to the consumer may be less than the associated

cost of production. As shown in Tables 1 through 3, United States Department of Energy surveys indicate that the price differential between reformulated and conventional gasolines averages $0.02 - $0.03 per gallon in other areas of the country where reformulated gasoline is marketed.

3. Give Away of Excess Quality

Excess quality give away occurs when county and statewide standards differ and those counties with less stringent standards receive higher-quality gasoline meeting more stringent State standards due to excess supply of the high quality gasoline. MathPro estimated that prior to the sale of reformulated gasoline in Maricopa County, the total cost of excess quality due to RVP and octane give-away in Arizona and other areas supplied through the Kinder Morgan southern pipeline system was approximately $9-12 million, annually (MathPro, 1996).

Excess quality give away is a social cost, incurred by the whole society. It is unclear how the costs associated with excess quality give away will be allocated. This allocation may occur between refiners and consumers and/or between consumers inside and outside of area A. The gasoline distribution system as a whole has a financial interest in minimizing the extent of quality give-away. Currently, three companies that supply over one-half of the gasoline volume in the Maricopa County market have taken steps to minimize the excess quality (spill-over) in their supplies to areas outside of the Maricopa County. It is apparent that the logistics for segregation of area A product from non-area A product for the remainder of the suppliers have been resolved, as anecdotal information indicates that CBG was not delivered to refueling stations outside of Maricopa County on a routine basis within 4 to 6 weeks of its introduction into Arizona (July 1997). Two companies, which supply approximately 25 percent of the gasoline volume in the Phoenix and Tucson markets, have taken steps to minimize the excess quality in their supplies to the Phoenix and Tucson markets (MathPro, 1996).

4. Increased Distribution (Transportation/Pipeline) Costs

It is anticipated that transportation costs may increase slightly due to the implementation of the Arizona CBG rule. In particular, the pipeline must ensure that the batches of Arizona CBG are not mixed with conventional gasoline. However, the pipeline currently separates the various grades of conventional gasoline; therefore, this should not create a significant cost. The pipeline will incur a minimal increase in costs due to the need to train personnel on the PTD recordkeeping requirements and the locations where Arizona CBG and conventional gasoline are to be sold.

5. Reduced gas mileage with CBG

Because Arizona CBG contains slightly less energy than conventional gasoline, average fleet-wide fuel economy should be reduced. This loss in fuel economy represents a social cost. The anticipated loss in fuel economy has been predicted by two methods: scientific computer modeling and in-use vehicle testing programs. Scientific computer modeling has shown that the fuel economy reduction could range 3-4% (MathPro, 1996) during the summertime[1]. These reductions were calculated utilizing a computer model and based upon energy density values for the summertime fuel formulation options. In-use vehicle testing programs have been conducted by both the EPA and the California Air Resources Board have shown fuel economy losses ranging from 1-3%.

Based upon the test data from the vehicle testing programs, ADEQ anticipates the fuel economy loss to be in the 2-3% range. This currently is equivalent to a $0.02-0.03 increase in the cost per gallon of gasoline. This value range represents the anticipated increase in the cost to consumers that was added to the overall estimated price increase for consumers (see V.B.2.). For example, a person driving a vehicle that averages 17.5 miles per gallon for 9,000 miles during the summer months (April through October) with a 3% loss in fuel economy would require an additional 15 gallons of gasoline during those months.

C. FACTORS MITIGATING COSTS

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[1] The addition of oxygenates to gasoline is the primary cause of mileage loss because oxygenates typically have an energy density 25 - 30% lower than that of conventional gasoline. Since the late 1980's, all gasoline sold in Maricopa County during the wintertime is required to have an oxygen content of 2.7-3.5% by weight (approximately 10-15% by volume). Therefore, fuel economy losses during the wintertime due to the use of Arizona CBG would be minimal.

The Arizona CBG rule has been designed to provide the greatest air quality benefits while ensuring maximum flexibility to those regulated by the rule. This flexibility that is provided to the regulated community should assist in mitigating the costs associated with the implementation of the rule. Examples of provisions within the rule which provide flexibility include:

- Registered suppliers may produce gasoline that meets standards similar to either the CARB Phase 2 or the Federal Phase II standards.
- Registered suppliers and oxygenate blenders may elect to comply with either averaging or non-averaging standards.
- Registered suppliers are permitted to choose between implementing an independent laboratory analysis testing program or submitting a QA/QC program to ADWM for approval. This flexibility should assist registered suppliers to minimize costs while maintaining the necessary level of testing and laboratory assurance to ensure that the gasoline shipped to area A meets the applicable standards.

An additional factor that will mitigate the costs associated with the implementation of this rule is the layout of the gasoline distribution system. Many refineries that currently supply conventional gasoline to Arizona already produce gasoline meeting the CARB Phase 2 and Federal Phase I standards for other reformulated gasoline markets. The implementation of Arizona CBG will provide an additional market for these refineries that have already made capital investments to produce cleaner burning gasoline. Additionally, a growing number of refiners are supplying gasoline to the Maricopa County market, demonstrating the competitive nature of the gasoline market.

D. CONCLUSION

Based on all of the foregoing, ADEQ has determined that the benefits exceed the costs of this rule.

VI. General Impact on Small Businesses

The Arizona CBG rule may effect small businesses such as family-owned gas stations located in area A [2]. For instance, consumers who cross the area A border daily may choose to purchase non-reformulated gasoline outside area A rather than buying higher-priced Arizona CBG. In addition, if higher gasoline production costs are passed on to the consumer, the implementation of the Arizona CBG rule could impact small businesses that purchase gasoline in area A.

This rule making has lessened the effect on small business by minimizing the paperwork and record-keeping requirements on gasoline retail outlets which may be small businesses.

A. RULE IMPACT REDUCTION ON SMALL BUSINESSES

A.R.S. § 41-1035 requires ADEQ to reduce the impact of a rule on small businesses by using certain methods when they are legal and feasible in meeting the statutory objectives for the rule making. The five listed methods are:

1. Establish less stringent compliance or reporting requirements in the rule for small businesses.
2. Establish less stringent schedules or deadlines in the rule for compliance or reporting requirements for small businesses.
3. Consolidate or simplify the rule's compliance or reporting requirements for small businesses.
4. Establish performance standards for small businesses to replace design or operational standards in the rule.
5. Exempt small businesses from any or all requirements of the rule.

B. THE STATUTORY OBJECTIVES WHICH ARE THE BASIS OF THE RULEMAKING

The general statutory objectives that are the basis of this rulemaking are contained in the statutory authority cited in number 2 of this preamble. Two objectives are stated in A.R.S. § 41-2124(C):

[2]Also, family-owned gasoline stations outside area A may be affected if they receive excess quality gasoline. For instance, retail outlets outside of area A may receive excess CBG rather than conventional gasoline.

1. Achieve air quality benefits for the Maricopa County nonattainment area by following the two fuel formulation option prescribed A.R.S. § 41-2124(A) and (B).
2. Provide requirements for record keeping, reporting and analytical methods for fuel providers to demonstrate compliance with subsections A and B.

The third statutory objective is stated A.R.S. § 41-2124(A) and reinforced by section 4 of HB 2307. The fuel program should be constructed so that a waiver can be granted by EPA pursuant to section 211(c) (4) of the CAA. Among other things, EPA criteria require that a state fuels program be as effective and enforceable as the federal RFG program.

In light of the third statutory objective, ADEQ has determined that it is not legal or feasible to adopt any of the five listed methods to reduce the impact of these rules on small businesses. While attempting to create an enforceable program, ADEQ and ADWM focused much of their efforts on the large oil producers, all of which are out-of-state. Due in large part to the fact that these large producers are out-of-state, ADWM needs additional program components that focus on the smaller in-state fuel providers, including service stations, many of which are small businesses. Without the ability to stop the sale of off-spec gasoline, for example, something which may have a significant effect on a small service station, ADEQ and ADWM have determined that the CBG program would not be approvable by EPA. This determination may change if modifications are made to ADWM's penalty and enforcement authority. During the workshops on this rule, there was considerable discussion of, and support for, statutory changes which would augment ADWM's penalty and enforcement authority. Should such amendments take place, it is possible that it would be legal and feasible to reduce the impact of the CBG program on small businesses through one of the listed methods.

VII. Alternative Rulemaking Provisions

The Arizona CBG rule has been designed to achieve the following:

- Provide the maximum flexibility for producers and transporters of gasoline minimize costs and to ensure that the supply of gasoline would not be disrupted;
- Meet the requirements of HB 2307; and
- Contain an enforceable program that meets the EPA criteria for approval.

In order to develop a rule which met all of these requirements, ADEQ and ADWM held a series of ten public workshops with interested parties during the time period from May 22 through July 15, 1997. During these public workshops, a variety of provisions from the California and federal reformulated gasoline control regulations were analyzed. Affected and interested parties, ADEQ and ADWM debated each of these provisions, and incorporated the most beneficial of the provisions into the Arizona CBG rule.

VIII. References

Air Quality in Arizona. 1988. Research report prepared by Center for Advanced Research in Transportation, Arizona State University, May 22-25, 1988 (52nd Arizona Town Hall)

Environmental Protection Agency. May 1996. Air Quality Criteria for Particulate Matter.

Godish, Thad. 1991. Air Quality, 2nd edition. Chelsea, Michigan:Lewis Publishers, Inc.

MathPro, Inc., November 7, 1996. Assessment of Fuel Formulation Options for Maricopa County,.

Table 1

(This is not in an electronic format)

Table 2

(This is not in an electronic format)

Table 3

(This is not in an electronic format)

Exhibit 6.9

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9. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

ADEQ has made several substantive changes to the proposed rule. A complete description of these changes appears, along with discussion of comments, in the next section, number 10.

After initial submittal to the council, but before being approved by the council, ADEQ made numerous nonsubstantive changes to the proposed rule to improve clarity and to conform to various rules regarding rule citation. In a large number of places, the style of referring to internal subsections of the same rule was changed to conform to R1-1-408(I). For example, in R20-2-752(F)(1)(b)(ii), "the total number of samples collected under subparagraph (b)(i)of this subsection" was changed to "the total number of samples collected under subsection (b)(i)". ADEQ also changed the definition of "Third-party Terminal" by adding "or 3rd-party Terminal" in the beginning of the definition. These changes are shown, separate from the changes made in response to comment, in Part III of the CES, which is available from ADEQ.

10. A summary of the principal comments and the agency response to them:

The Arizona Department of Environmental Quality (ADEQ) received written comments regarding the proposed permanent Arizona Cleaner Burning Gasoline (CBG) rule from one interested party during the public comment period of November 7, 1997, through January 5, 1998. In addition, one oral comment was received at the public hearing held in the ADEQ Public Meeting room on December 11, 1997. Each written and oral comment received has been addressed by ADEQ in consultation with the Arizona Department of Weights and Measures (ADWM) and is summarized in the following paragraphs. Finally, ADEQ and ADWM have made other changes to the rule for which no formal comment was received. A summary of these changes is provided at the end of this section.

Comment: The commenter states that the minimum oxygenate content that is required for Arizona CBG Type 1 gasoline during the time period of April 1 through October 31 of each year (See Article 7, Table 1) is preempted by the Clean Air Act and should be removed from the standards. It is further stated that this requirement has no significant impact on attainment, is cost prohibitive, and is unreasonable and impracticable. The commenter requests that ADEQ address the cost-effectiveness or justification versus other non-fuel ozone control measures not implemented such as

controls on stationary sources and full implementation of an inspection and maintenance (I/M) program for all vehicles. Furthermore, it is stated that ADEQ overestimated the VOC reduction benefits of the use of oxygenates in addressing this comment in the interim CBG rule.

Response: The EPA redesignated the Maricopa County ozone nonattainment area from "moderate" to "serious", effective on December 8, 1997. Despite the efforts of two Governor's Air Quality Strategies Task Forces and other ongoing endeavors, attainment can not yet be demonstrated. Modeling performed by ADEQ (Reanalysis of the Metropolitan Phoenix Voluntary Early Ozone Plan, October 1997), has shown that even with the implementation of Federal Phase II RFG or CARB Phase 2 RFG in addition to 15 stationary, area, and mobile source control measures under consideration, Maricopa County would still fail to attain the ozone NAAQS. Based on this modeling demonstration, all components of the Arizona CBG program are necessary to make progress toward ozone attainment.

The commentor suggests that the appropriate test of the oxygenate standard would be to compare modeled ozone concentrations with and without its implementation. ADEQ's experience, similar to that of most other ozone nonattainment areas, is that modeled ozone concentrations are relatively insensitive to even moderate emissions reductions. Using such an approach would discount the need for any individual emissions control program, even the entire CBG program.

In the Final Rule for the approval of the Arizona CBG Program (63 FR 6653, February 10, 1998), EPA indicated that they did not need to address whether a State requirement for oxygen is preempted under the Clean Air Act, section 211(c)(4)(C). The notice stated that if the standard is not preempted, there is no bar to EPA approving it in the SIP revision. Additionally, if the State shows that the requirement is necessary to meet the ozone NAAQS as required under section 211(c)(4)(C), EPA does not need to address whether a summertime oxygenate requirement is preempted.

As stated in the Final Rule, the Type 1 gasoline standards will achieve VOC reductions through a VOC performance standard and an oxygen content standard. EPA indicated that further analysis would need to be performed before they could formulate any conclusions regarding the quantitative estimate of VOC emission reductions due to the use of

summertime oxygenates. However, the federal complex model indicates that an increase in oxygen weight percent leads to a reduction in total VOC emissions. EPA determined that the VOC and oxygen content standards are necessary to achieve the ozone NAAQS based on a finding that there are no other reasonable and practicable measures available to the State that would fill the projected emissions reduction shortfall.

Comment: In the July 1997 Reformulated Gasoline Notice of Proposed Rulemaking, EPA proposed the removal of the nitrogen oxide (NOx) minimum per gallon requirement. The commenter requests that ADEQ include this revision in the final Arizona CBG rule. [EPA published the final rule on December 31, 1997.]

Response: The authority for ADEQ and ADWM to implement the Arizona CBG program is contained in House Bill (HB) 2307. This bill requires that ADEQ, in consultation with the ADWM, develop rules that require sale of gasoline from and after May 1, 1999, that meets the following fuel reformulation options:

- California Phase 2 reformulated gasoline, including alternative formulations allowed by the predictive model, as adopted by the California Air Resources Board Pursuant to the California Code of Regulations, Title 13, Sections 2261 through 2262.7 and 2265, in effect on January 1, 1997, that meets the maximum 7.0 psi summertime vapor pressure requirements in A.R.S. § 41-2083 (F).

- Gasoline that meets the standards for Federal Phase II reformulated gasoline, as provided in 40 CFR 80.41, paragraphs (a) through (h), in effect on January 1, 1997, that meets the maximum 7.0 psi summertime vapor pressure requirement in A.R.S. § 41-2083 (F).

Due to the fact that HB 2307 only authorizes ADEQ and ADWM to adopt CARB and Federal standards that are effective as of January 1, 1997, ADEQ is unable to incorporate any changes that have occurred during recent Federal rulemaking.

CHANGES TO PERMANENT RULE WITHOUT COMMENTS

Issue: R20-2-759(B) contained a typographical error which has been corrected as follows:

B. Except as provided in subsection (C), Arizona CBG or AZRBOB certified as meeting standards under Table 2 shall be tested with methods required by 13 California Code of Regulations, Section 2263, incorporated by reference as of January 1, 1997.

Issue: ADEQ received a comment one month after the close of the public comment period regarding the independent testing requirements for oxygenate blenders. Although, due to the late submittal, ADEQ is not considering this comment as a formal public comment for the rulemaking, we do believe the issue raised by the commenter is valid, and should be addressed in this rulemaking. Specifically, the commenter recommended the deletion of R20-2-755(E)(7), which requires oxygenate blenders to develop a Quality Assurance/Quality Control (QA/QC) program in lieu of the independent testing requirements of R20-2-752(F). The reasons cited include:

1) Due to the regulatory definition of a batch, independent laboratory testing for oxygenate blenders is not a viable option. A batch is defined as a quantity of gasoline which is homogeneous with regard to those properties specified for Arizona CBG. Therefore, for an oxygenate blender it could be inferred that a batch consists of a transport truck compartment. This interpretation could increase the cost of the independent testing option for an oxygenate blender to 47 - 933 times the cost for a registered supplier.
2) The independent testing option is an inappropriate option for oxygenate blenders.
3) It is appropriate to have different requirements for registered suppliers and oxygenate blenders.
4) Removing the requirement for a QA/QC program will have little impact on the quality of CBG or the enforceability of the rule.
5) Lack of consistent regulatory language in Sections R20-2-752 and R20-2-755(E)(7) may indicate that the application of the requirement for a QA/QC program to oxygenate blenders is unintended.

Response: The QA/QC or independent testing requirements for oxygenate blenders are one of the requirements of the Arizona CBG program that helps to ensure the quality of the CBG. For this reason, we are not removing the QA/QC and/or independent laboratory requirements for oxygenate blenders. However, ADEQ and ADWM agree that the independent testing requirements for oxygenate blenders may be unclear considering the regulatory definition of a batch, as provided in R20-2-701(4). In order to clarify the requirements, R20-2-755(E) has been revised as follows:

7. Quality Assurance/Quality Control (QA/QC) Program. Each oxygenate blender that conducts laboratory sampling and analysis required under subsection (E) with its own laboratory shall develop a QA/QC program to demonstrate the accuracy and effectiveness of the oxygenate blender's laboratory testing. The QA/QC program shall be submitted to the director for approval at least 3 months prior to transport of Arizona CBG. In lieu of the QA/QC program, the oxygenate blenders may opt to comply with the independent testing requirements of R20-2-752(F), except that the minimum number of samples collected and analyzed by the independent laboratory shall be 10% of the number of samples required to be analyzed under subsection (E).

8. Each oxygenate blender that does not conduct the laboratory sampling and analysis required under this subsection in its own laboratory shall designate an independent laboratory, as required in R20-2-752(F), to conduct all of the laboratory sampling and analysis required under subsection (E).

9. A portion of any sample collected under subsections (7) or (8) shall be submitted to the Director within 24 hours of the Director's written request.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None.

12. Incorporations by reference and their locations in the rules:

Incorporation	Location
API Manual of Petroleum Measurement Standards, Chapters 3.1A and 3.1B;	R20-2-754(B)
40 CFR 80.69(a)(7);	R20-2-755(D)
40 CFR 80.69(e)(2);	R20-2-755(E)(3)

California Procedures for Evaluating Alternative Specifications for Phase

2 Reformulated Gasoline Using the California Predictive Model; R20-2-758(A)(1)

The "Federal Complex Model" as contained in 40 CFR 80.45 ; R20-2-758(A)(2)

13 California Code of Regulations, Section 2263 ; R20-2-759(A)

13. Was this rule previously adopted as an emergency rule?

No. However, most rule text that is being amended, and all that is being repealed, was previously adopted as an exempt rule. See 3 A.A.R. 2665, October 3, 1997.

14. The full text of the rules follows:

TITLE 20. COMMERCE, BANKING, AND INSURANCE

CHAPTER 2. DEPARTMENT OF WEIGHTS AND MEASURES

ARTICLE 7. MOTOR FUELS AND PETROLEUM PRODUCTS

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ARTICLE 7. MOTOR FUELS AND PETROLEUM PRODUCTS

R20-2-701. Definitions

The following definitions and definitions contained in A.R.S. §§ 41-2051, 41-2121, and Article 1 of this Chapter shall apply to this Article unless the context otherwise requires:

~~1. "Area A" means a county with a population of 1,200,000 or more persons that contains a carbon monoxide vehicle emissions control area.~~

1. ~~2.~~ "Arizona Cleaner Burning Gasoline" or "Arizona CBG" means a gasoline blend that meets the requirements of this Article for gasoline produced and shipped to Maricopa County and sold or offered for sale for use in motor vehicles in area A.

2. ~~3.~~ "AZRBOB" or "Arizona Reformulated Blendstock for Oxygenate Blending" means a petroleum-derived fuel ~~liquid~~ which is intended to be or is represented as a fuel ~~product~~ that constitutes ~~will constitute~~ Arizona CBG upon the addition of a specified type and percentage (or range of percentages) of oxygenate ~~to the product~~ after the fuel ~~product~~ has been supplied from the production or import facility at which it was produced or imported.

3. ~~4.~~ "Batch" means a quantity of gasoline which is homogeneous for ~~with regard to~~ those fuel properties which are specified for Arizona CBG certified under R20-2-751 ~~or R20-2-751.01~~.

4. ~~5.~~ "Beginning of ~~Begin~~ transport" means the point at which:

   a. A registered supplier relinquishes custody of Arizona CBG or AZRBOB to a transporter or a 3rd-party terminal, or

   b. A registered supplier who retains custody commences transfer of Arizona CBG or AZRBOB into a vessel, tanker, or other container for transport to area A.

5. "Blendstock" means any liquid compound which is blended with other liquid compounds to produce gasoline. Deposit control additives or other similar additives are not considered blendstocks.

6. "Conventional gasoline" means a gasoline blend which conforms with the requirements of this Chapter for sale or use in Arizona, but does not meet the requirements of Arizona CBG or AZRBOB.

7. "Co-solvent" means a chemical compound soluble in, and ~~with good solvent properties that is~~ added to, a methanol-gasoline blend to prevent phase separation, reduce corrosion, and improve lubrication. A co-solvent may be any 1 or a mixture of the following:

   a. Ethanol,

   b. Any propanol ~~Propanols~~,

   c. Any butanol ~~Butanols~~, or

   d. Gasoline grade tertiary butyl alcohol.

8. "Designated alternative limit" means a fuel property specification limit, expressed in the nearest part per million by weight for sulfur content, nearest 10th percent by volume for aromatic hydrocarbon content, nearest 10th percent by volume for olefin content, and nearest degree Fahrenheit for T90 and T50, which is assigned by a registered supplier to a final blend of Type 2 CBG or AZRBOB for purposes of compliance with the averaging standards in Table 2, Column B or the Predictive Model.

9. ~~8.~~ "Diesel fuel" means a hydrocarbon fuel that is suitable for use as a fuel in a diesel engine.

10. ~~9.~~ "Downstream blending" means blending fungible Arizona CBG from AZRBOB and an oxygenate.

11. ~~10.~~ "EPA waiver ~~waivers~~" means a waiver ~~mean waivers~~ granted by the Environmental Protection Agency in ~~the document entitled~~ "Waiver Requests under Section 211(f) of the Clean Air Act", which is ~~and~~ incorporated by reference in R20-2-702.

12. ~~11.~~ "Final distribution facility" means the stationary gasoline transfer point from which Arizona CBG or AZRBOB is transferred into the cargo tank truck, pipeline, or other delivery vessel from which the gasoline will be delivered to a ~~the~~ facility where ~~at which the~~ gasoline is ~~will be~~ dispensed into motor vehicles~~:~~. A ~~except that a~~ cargo tank truck is a ~~the~~ final distribution facility if ~~where~~ the cargo tank truck transports gasoline or ~~is used to transport~~ AZRBOB ~~and gasoline~~ and carries ~~written~~ documentation ~~demonstrating~~ that the ~~designated~~ type and amount or range of amounts of oxygenates designated by the registered supplier will be or have been blended directly into the cargo tank truck prior to delivery of the resulting gasoline ~~from the cargo tank truck~~ to the facility where ~~at which the~~ gasoline is ~~will be~~ dispensed into motor vehicles.

13. ~~12.~~ "Fuel" means any material ~~which is~~ capable of releasing energy or power by combustion or other chemical or physical reaction.

14. "Fuel property" means any characteristic listed in R20-2-751(A)(1) through (A)(7) or Table 2.

15. ~~13.~~ "Importer" means any person who assumes title or ownership of Arizona CBG or AZRBOB ~~that was~~ produced by an unregistered supplier.

16. ~~14.~~ "Lead" means the lead compound in gasoline, including ~~and can be~~ tetraethyl lead, tetramethyl lead, physical mixtures of tetraethyl lead and tetramethyl lead, and reacted mixtures of tetraethyl lead and tetramethyl lead.

17. ~~15.~~ "Motor vehicle" means any vehicle equipped with a spark-ignited internal combustion engine except:

a. Vehicles that run on, or are guided by, rails; or ~~and~~

b. Vehicles that are designed primarily for travel through air or water.

18. ~~16.~~ "MTBE" means methyl tertiary butyl ether.

19. ~~17.~~ " NOx" means oxides of nitrogen.

20. ~~18.~~ "Octane", "octane number", or "octane rating" mean the anti-knock characteristic of gasoline as determined by adding the research octane number and the motor octane number ~~numbers~~ and dividing by two, or (R+M)/2.

21. ~~19.~~ "Oxygenate" means any oxygen-containing, ashless, organic compound including aliphatic alcohols and aliphatic ethers, which is able to ~~may~~ be used as a fuel or as a gasoline blending component and ~~which~~ is approved as a blending agent under ~~the provisions of~~ a waiver issued by the EPA ~~United States Environmental Protection Agency~~ pursuant to 42 U.S.C. 7545(f).

22. ~~20.~~ "Oxygenate blending facility" means any facility (including a truck) where ~~at which~~ oxygenate is added to Arizona CBG or AZRBOB, and ~~at which~~ the quality or quantity of gasoline is not altered in any other manner except for the addition of deposit control additives or other similar additives.

23. ~~21.~~ "Oxygenate blender" means any person who owns, leases, operates, controls, or supervises an oxygenate blending facility, or who owns or controls the blendstock or gasoline used or the gasoline produced at an oxygenate blending facility.

24. ~~22.~~ "Oxygenated Arizona CBG" means Arizona CBG with a minimum oxygen content of 2.7% which is produced and shipped to Maricopa County and sold or offered for sale for use in motor vehicles in area A from November 1 through March 31 of each year.

25. ~~23.~~ "Oxygen content" means:

a. For area A, the percentage by weight of oxygen contained in a gasoline oxygenate blend as calculated by ASTM D4815-96 ~~D-4815-96~~; or

b. For all other areas ~~other than area A~~, the percent by weight of oxygen as calculated by multiplying the following oxygen weight of any oxygenate ~~as listed herein,~~ by the volumetric percent of that oxygenate in the blend. Weight of oxygen for:

i. Methyl Tertiary Butyl Ether: 18.2%,

ii. Ethanol: 34.7%,

iii. Methanol: 49.9%, and

iv. Other oxygenates ~~as listed~~ in the Merck Index incorporated by reference in R20-2-702.

26. "Performance standard" means the VOC and NOx emission reduction percentages in R20-2-751(A)(8), R20-2-751(A)(9), or Table 1.

27. ~~24.~~ "Pipeline" means a transporter who ~~that~~ owns or operates an interstate common-carrier pipe used to transport ~~that transports~~ motor fuels into ~~the state of~~ Arizona.

28. ~~25.~~ "PM" or "Predictive Model Procedures" means the California Predictive Model, California Air Resources Board's "California Procedures for Evaluating Alternative Specification for Phase 2 Reformulated Gasoline Using the California Predictive Model," as adopted April 20, 1995, and incorporated by reference in R20-2-758.

29. ~~26.~~ "PM alternative gasoline formulation" means a final blend of Arizona CBG or AZRBOB that is subject to a set of PM alternative specifications ~~gasoline produced and shipped to Maricopa County and sold or offered for sale for use in motor vehicles in area A that is subject to a set of PM alternative specifications~~.

30. ~~27.~~ "PM alternative specifications" means the specifications for the following fuel ~~gasoline~~ properties, as determined in accordance with R20-2-759: maximum RVP, expressed in the nearest 100th of a pound per square inch; maximum sulfur content, expressed in the nearest part per million by weight; maximum olefin content, expressed in the nearest 10th of a percent by volume; minimum and maximum oxygen content, expressed in the nearest 10th of a percent by weight; maximum T50, expressed in the nearest degree Fahrenheit; maximum T90, expressed in the nearest degree Fahrenheit; and maximum aromatic hydrocarbon content, expressed in the nearest 10th of a percent by volume.

31. ~~28.~~ "PM averaging compliance option" means, with reference to a specific fuel ~~gasoline~~ property, the compliance option for PM alternative gasoline formulations through ~~under~~ which final blends of gasoline are assigned designated alternative limits in accordance with R20-2-751~~(C)~~ (D), (E) and (F) ~~and R20-2-751.01(F)~~.

32. ~~29.~~ "PM averaging limit" means a PM alternative specification that is subject to the PM averaging compliance option.

33. ~~30.~~ "PM flat limit" means a PM alternative specification that is subject to the PM flat limit compliance option.

34. ~~31.~~ "PM flat limit compliance option" means, with reference to a specific fuel ~~gasoline~~ property, the compliance option under which each gallon of gasoline must meet the specification for the fuel property contained in the PM alternative specifications.

35. ~~32.~~ "Produce" means:

a. Except as otherwise provided in subsections (b) or (c) ~~of this definition,~~ to convert liquid compounds which are not Arizona CBG or AZRBOB into Arizona CBG or AZRBOB. If ~~When~~ a person blends volumes of blendstocks which are not Arizona CBG or AZRBOB with volumes of Arizona CBG or AZRBOB acquired from another person, and the resulting blend is Arizona CBG or AZRBOB, the person conducting the ~~such~~ blending produces ~~has produced~~ only the portion of the blend ~~which was~~ not previously Arizona CBG or AZRBOB. If ~~When~~ a person blends Arizona CBG or AZRBOB with other volumes of Arizona CBG or AZRBOB in accordance with this Article ~~these rules~~, without the addition of blendstocks which are not

Arizona CBG or AZRBOB, that person is not a producer of ~~the person does not produce~~ Arizona CBG or AZRBOB.

b. If ~~Where~~ a person supplies Arizona CBG or AZRBOB to a refiner who agrees in writing to further process the Arizona CBG or AZRBOB at the refiner's refinery and ~~to~~ be treated as the producer of the Arizona CBG or AZRBOB, the refiner shall be deemed ~~for all purposes under this Article to be~~ the producer of the Arizona CBG or AZRBOB.

c. If ~~Where~~ an oxygenate blender blends oxygenates into AZRBOB ~~which has already been~~ supplied from a gasoline production facility or import facility, and does not alter the quality or quantity of the AZRBOB or the quality or quantity of the resulting gasoline ~~as~~ certified by a registered supplier in any other manner except for the addition of deposit control additives or other similar additives, then the oxygenate blender is not a producer of ~~producing~~ any portion of the resulting gasoline, and the producer or importer of the AZRBOB shall be considered ~~is treated as~~ the producer or importer of the full volume of the resulting gasoline.

36. ~~33.~~ "Producer" means a refiner or other person who produces Arizona CBG or AZRBOB.

37. ~~34.~~ "Production facility" means a facility where ~~at which~~ Arizona CBG or AZRBOB is produced. Upon request of a producer, the Director may designate, as part of the producer's production facility, a physically separate bulk storage facility which:

a. Is ~~is~~ owned or leased by the producer,

b. Is ~~is~~ operated by or at the direction of the producer, and

c. Is ~~is not~~ used to store or distribute Arizona CBG or AZRBOB that is ~~not~~ supplied only from the production facility.

38. ~~35.~~ "Refiner" means any person who owns, leases, operates, controls or supervises a refinery in the United States ~~of America~~, including its trust territories.

39. ~~36.~~ "RVP" means Reid vapor pressure.

40. ~~37.~~ "Refinery" means a facility that produces liquid fuels, including Arizona CBG or AZRBOB, by distilling petroleum.

~~38. "Service station" means a place operated for the purpose of delivering motor fuel into the fuel tanks of motor vehicles.~~

41. ~~39.~~ "Registered supplier" means any producer or importer who supplies Arizona CBG or AZRBOB and ~~has~~ is registered with the Director as required in R20-2-750.

42. "Service station" means a place operated for the purpose of delivering motor fuel into the fuel tanks of motor vehicles.

43. ~~40.~~ "Supply" means to provide or transfer a product to a physically separate facility, vehicle, or transportation system.

44. ~~41.~~ "Third-party terminal" or "3rd-party terminal" means an owner or operator of a gasoline storage tank facility that ~~a terminal that~~ accepts custody, but not ownership, of Arizona CBG or AZRBOB from a registered supplier and relinquishes custody of Arizona CBG or AZRBOB to a transporter for interstate transport into Arizona.

45. ~~42.~~ "Transmix" means a mixture of petroleum distillate fuel and gasoline that does not meet the Arizona standards for either petroleum distillate fuels or gasoline.

46. ~~43.~~ "Transporter" means any person who is not a producer or importer and who:

a. Effects transport of Arizona CBG or AZRBOB into Arizona ~~the state~~; and

b. Does not acquire ~~assume~~ title or assume ownership of the ~~that~~ Arizona CBG or AZRBOB.

47. ~~44.~~ "Type 1 gasoline" means a gasoline that meets the standards contained in R20-2-751(A) and Table 1.

48. ~~45.~~ "Type 2 gasoline" means a gasoline that meets the standards contained in R20-2-751(A) and Table 2, or is certified using the PM according to ~~in accordance with~~ the requirements of R20-2-751(D), (E) and (F).

~~46. "Type 3 gasoline" means a gasoline that meets the standards contained in subsection (A) and Table 3 of R20-2-751.01.~~

49. ~~47.~~ "VOC" means volatile organic compound.

R20-2-709. Record Retention Requirements for Service Stations and Fleet Owners

A. Service station operators ~~stations~~ and fleet owners shall retain, on the premises to which motor fuel has been delivered, written documentation of ~~to verify~~ the quantity and identity of each grade of motor fuel delivered. The documentation shall be retained for at least the 3 ~~4~~ most recent deliveries of each grade of ~~or~~ motor fuel and shall, upon request, be presented to any Department official for review.

B. For all motor fuels other than Arizona CBG, the documentation shall be on a ~~the~~ bill of lading, loading ticket, manifest, delivery receipt, invoice, or other documentation used in customary business practice of the petroleum industry and shall provide the following information:

1. Vendor's name,
2. Point of origin,
3. Manifest or loading ticket number,
4. Date of delivery,
5. Quantity of each grade of product,
6. For gasoline, the octane ~~Octane~~ rating of the product, and
7. For gasoline, type ~~Type~~ of oxygenate and volume of oxygenate as a percent of the total blend under ~~pursuant to~~ R20-2-712.
8. For gasoline in ~~In~~ area A, ~~between June 1, 1998, and September 30, 1998, and~~ beginning on May 1, 1999, the statement "This gasoline is not intended for sale in area A."

C. Service station operators ~~stations~~ and fleet owners in area A shall retain product transfer documents as provided ~~for~~ in R20-2-757 for each shipment of gasoline delivered during the ~~preceding~~ 12 months preceding that shipment. The documentation for the 3 ~~4~~ most recent deliveries shall be maintained on the service station or fleet owners' premises. Documentation for the remainder of all deliveries for the same ~~preceding~~ 12 months shall be available within 2 working days from the time of request by the Director.

D. All documents requested for review by a Department official, upon request, shall be ~~photocopied and~~ presented to the Department. Legible photocopies shall be acceptable.

R20-2-721. Sampling and Access to Records

A. Samples of motor fuel for testing shall be obtained by the Department or its authorized agents from:

1. The same dispensing device used for sales to customers,

2. The same dispensing device used for dispensing motor fuel into fleet vehicles,

3. Any bulk storage facility,

4. Any common carrier having custody of ~~handling~~ motor fuel, including Arizona CBG,

5. Any transporter of Arizona CBG or AZRBOB,

6. Any final distribution facility,

7. Any 3rd-party terminal having custody of ~~handling~~ Arizona CBG or AZRBOB, or

8. Any oxygenate blender or registered supplier.

~~**B.** Samples shall be taken in the following manner:~~

~~1. The testing sample shall be collected in a clear or brown glass bottle or a metal container approved for such use.~~

~~2. The container shall be sealed immediately after the testing sample has been taken.~~

~~3. At a gasoline dispenser, the testing sample shall be collected after at least one-half gallon has been dispensed. This sample shall be considered representative of the product dispensed.~~

B. ~~C.~~ ~~The documentation and records pertaining~~ Records relating to the production, importation, blending, transport, distribution and delivery of Arizona CBG and AZRBOB required ~~to be kept~~ by this Article shall be available for inspection at any reasonable time by the Department or its authorized agents.

R20-2-750. Registration ~~Pertaining~~ Relating to Arizona CBG or AZRBOB

A. Each of the following persons shall register with the Director ~~by January 30, 1998, or~~ in advance of the 1st date that the ~~such~~ person will produce or import Arizona CBG or AZRBOB:

1. Any refiner who produces ~~will produce~~ Arizona CBG or AZRBOB for sale on or after June 1, 1998;~~:~~

2. Any importer who imports ~~will import~~ Arizona CBG or AZRBOB for sale on or after June 1, 1998;~~:~~

3. Any oxygenate blender who blends ~~will blend~~ oxygenate with AZRBOB to produce Arizona CBG for sale on or after June 1, 1998; or ~~:~~

4. Any pipeline or 3rd-party terminal who has ~~will have~~ custody of Arizona CBG or AZRBOB on or after June 1, 1998.

B. Registration shall be on forms prescribed by the Director and shall include the following information:

1. The business name and ~~;~~ business address of the person registered in subsection (A) and a ~~;~~ contact name ~~;~~ and telephone number ~~of the person required to be registered in subsection (A).~~ ;

2. For each separate refinery and oxygenate blending facility, the facility name, physical location, contact name, telephone number, and type of facility; ~~and~~

3. For each separate refinery and oxygenate blending facility, and for each importer ~~and for each importer's operations~~:

   a. The location of the records required under this Article ~~Whether records are kept on-site or off-site of the refinery or oxygenate blending facility, or in the case of importers, the registered address~~;

   ~~b.~~ If records are kept off-site, the primary off-site storage facility name, physical location, contact name, and telephone number; and

   ~~c~~b. If an independent laboratory is used to meet the requirements of R20-2-752(F), ~~The~~ the name, address, contact name and telephone number of the independent laboratory . ~~if used to meet the requirements of R20-2-752(F).~~

4. If required under 40 CFR 80.76(d), the ~~The~~ EPA registration number ~~;~~ and ~~supplied under 40 CFR 80.76(d), if any~~.

5. A statement of the registrant's consent ~~by the registrant~~ that the Department or its authorized agent shall be permitted to collect samples and access ~~documentation and~~ records as provided in R20-2-721.

C. Changes to any information ~~submitted~~ in subsection (B) shall be sent to the Director not later than 10 ~~calendar~~ days after the effective date of ~~such~~ the change.

D. If ~~Whenever~~ a refiner, importer, or oxygenate blender fails to register under this Section, all Arizona CBG or AZRBOB transported to area A is ~~shall be~~ presumed ~~to be~~ noncomplying from the date that the registration should have occurred.

E. The ~~department~~ Department shall maintain a listing of all registered suppliers.

R20-2-751. Area A Arizona CBG Requirements - 1999 and later

A. In addition to the other requirements of this Article, from and ~~on or~~ after May 1, 1999, all Arizona CBG shall meet all of the following requirements~~:~~. The dates in this subsection are compliance dates for service station operators and fleet owners.

	Fuel Property/Performance Standard		**Limits**
1.	Sulfur		500 ppm by weight (max)
2.	Aromatics		50% volume, (max)
3.	Olefins		25% by volume (max)
4.	E200		70-30 % volume
5.	E300		100-70 % volume
6.	Maximum Vapor Pressure		
	a.	Oct 1 - Mar 31	9.0 pounds per square inch (psi)
	b.	April	10.0 psi
	c.	May	9.0 psi
	d.	June 1 - Sept 30	7.0 psi
7.	Oxygen and Oxygenates		
	a.	Minimum Content:	
		i. Nov 1 - Mar 31	10 % ethanol by volume 2.7 % oxygen by weight (other than ethanol)
		ii. April 1 - Oct 31	0 % by weight
	b.	The maximum oxygen content shall not exceed 4.0% by weight for ethanol and 3.5% by weight for other oxygenates, and shall comply with the requirements of A.R.S. § 41-2123.	
8.	Federal Complex Model VOC Emissions Performance Reduction		
		May 1 through Sept 15	$25.0 % (Federal Complex Model settings: Summer, Area Class B, Phase 2)

9. Federal Complex Model NOx Emissions Performance Reduction

a. May 1 - Sept 15 $ 3.0 % (Federal Complex Model settings: Summer, Area Class B, Phase 2)

b. Sept 16 - April 30 $ -2.5 % (Federal Complex Model settings: Winter, Area Class B, Phase 2)

~~10. Dates represent compliance dates for service stations and fleet owners.~~

B. All registered suppliers shall make an initial election, and subsequent elections if ~~when~~ a change occurs, before ~~prior to~~ the beginning of transport of the Arizona CBG or AZRBOB. Registered suppliers shall make the election with the ~~and notify the~~ Director on a form or in a format prescribed by the Director~~:~~. The election shall state:

1. Whether the registered supplier (at each point where the gasoline is certified) will supply Arizona CBG or AZRBOB that complies with the Type 1 gasoline, Type 2 gasoline, or the PM alternative gasoline formulation requirements; and~~:~~

2. For each applicable fuel property or performance standard with respect to the type of Arizona CBG or AZRBOB, whether the Arizona CBG or AZRBOB will comply with the average standards or per gallon standards. A registered supplier shall not elect to comply with average standards unless the supplier is in compliance with R20-2-760.

C. Registered suppliers shall certify Arizona CBG or AZRBOB under ~~in accordance with the provisions of~~ R20-2-752 as meeting all requirements of ~~applicable to~~ the election made in subsection (B). Type 1 gasoline shall comply with the ~~applicable~~ requirements in either column A, or columns B and C in addition to the oxygen requirements in columns C and D of Table 1, and shall be certified using the Federal Complex Model. For each fuel property, Type 2 gasoline shall comply with the ~~applicable~~ requirements of columns ~~Columns~~ A and B (averaging options) or column ~~Column~~ C (Non-averaging option) in Table 2. The PM alternative gasoline formulation shall meet the requirements of subsections (D), (E) and (F) ~~of this Section~~, and column A of Table 2~~, Column A~~.

D. Certification and Use of Predictive Model for Alternative PM Gasoline Formulations

1. Except as provided in subsections (D)(4) ~~(3)~~ and (F), the use of the PM shall be as provided in the Predictive Model Procedures.

2. A registered supplier shall certify a PM alternative gasoline formulation with the Director by either ~~in 1 of the following ways~~:

   a. Submitting ~~Submittal to the Director of~~ a complete copy of the documentation provided to the executive officer of the California Air Resources Board in accordance with 13 California Code of Regulations, Section 2264 to the Director; or

   b. Notifying ~~The registered supplier shall notify~~ the Director, on a form prescribed by or in a format acceptable to ~~prescribed by~~ the Director, of:

      i. The PM alternative specifications that ~~will~~ apply to the final blend, including for each specification whether it is ~~applies as~~ a PM flat limit or a PM averaging limit; and

      ii. The numerical values for percent change in emissions for oxides of nitrogen and hydrocarbons ~~as~~ determined in accordance with the Predictive Model Procedures.

3. ~~iii.~~ The certification shall be received by the Director before ~~prior to~~ the beginning of transport of the PM alternative gasoline formulation.

4. ~~3.~~ Restrictions for ~~associated with~~ elections to sell or supply final blends as PM alternative gasoline formulations.

   a. A registered supplier may not make a new election to sell or supply from its production or import facility a final blend of Arizona CBG as a PM alternative gasoline formulation if the registered supplier has ~~is subject to~~ any outstanding requirements to provide offsets for fuel properties at the same production or import facility under subsection (G) ~~pursuant to any provision in R20-2-751(G) or R20-2-751.01(F)~~.

   b. If ~~Once~~ a registered supplier elects ~~has elected~~ to sell or supply from its production or import facility a final blend of Arizona CBG as a PM alternative gasoline formulation subject to a PM averaging compliance option for 1 or more fuel properties, the registered supplier may not elect any other compliance option, including another PM alternative gasoline formulation,

if ~~there are~~ outstanding requirements to provide offsets for fuel ~~such property or~~ properties exist under the ~~pursuant to the applicable~~ provisions of subsection (G) ~~in R20-2-751(G) or R20-2-751.01(F)~~. This ~~However, this~~ subsection (b) shall not preclude a registered supplier ~~under the circumstances described above~~ from electing another PM alternative gasoline formulation if ~~where~~:

i. The ~~only changes are that either~~ PM flat limit ~~limits~~ for 1 or more fuel property is ~~properties are~~ changed to a PM averaging limit ~~limits~~, or a single PM averaging limit for which there are no outstanding requirements to provide offsets is changed to a PM flat limit;

ii. There are no changes to the PM alternative specifications for ~~the~~ remaining fuel properties; and

iii. The new PM alternative formulation meets the criteria ~~for approval~~ in the Predictive Model Procedures.

c. Once a registered supplier elects ~~has elected~~ to sell or supply from its production or import facility a final blend of Arizona CBG as a PM alternative gasoline formulation, the registered supplier may not use a ~~any~~ previously assigned designated alternative limit for a fuel property to provide offsets under subsection (G). ~~pursuant to R20-2-751(G) or R20-2-751.01(F) for any final blend sold or supplied from the production or import facility subsequent to the election~~.

d. If ~~Once~~ a registered supplier notifies ~~has notified~~ the Director under subsection (B) ~~pursuant to R20-2-751(B) or R20-2-751.01(B)~~ that a final blend of Arizona CBG is ~~being~~ sold or supplied from a production or import facility as a PM alternative gasoline formulation, all final blends of Arizona CBG or AZRBOB subsequently sold or supplied from that production or import facility are ~~shall be~~ subject to the same PM alternative specifications until the registered supplier either:

i. Designates a final blend at that facility as a PM alternative gasoline formulation subject to different PM alternative specifications, or

ii. Elects, under subsection (B), ~~in accordance with R20-2-751(B) or R20-2-751.01(B) to have~~ a final blend at that facility subject to a flat limit compliance option ~~options~~ or an averaging compliance option ~~options~~.

E. Prohibited activities regarding PM alternative gasoline formulations.

1. A ~~No~~ registered supplier shall not sell, offer for sale, supply, or offer for supply from its production or import facility Arizona CBG which is reported as a PM alternative gasoline formulation under R20-2-752 ~~pursuant to R20-2-751(B) as a PM alternative gasoline formulation subject to PM alternative specifications~~ if any of the following occur:

   a. The elected ~~identified~~ PM alternative specifications do not meet the criteria for approval in the Predictive Model Procedures; or

   b. The registered supplier is ~~was~~ prohibited by subsection (D)(4)(a) ~~R20-2-751(D)(3)(a)~~ from electing to sell or supply the gasoline as a PM alternative gasoline formulation; ~~or~~

   c. The gasoline fails to conform with any PM flat limit in the ~~identified~~ PM alternative specifications election; or

   d. With respect to any fuel property for which the registered supplier elects ~~has identified~~ a PM averaging limit,

      i. The gasoline exceeds the applicable PM average limit, and no designated alternative limit for the fuel property ~~has been~~ is established for the gasoline in accordance with ~~R20-2-751(D)(2) or R20-2-751.01(D)(2)~~ subsection (D)(2); or

      ii. A designated alternative limit for the fuel property is ~~has been~~ established for the gasoline in accordance with subsection (D)(2) ~~R20-2-751(D)(2) or R20-2-751.01(D)(2)~~, and either of the following occur: the gasoline exceeds the designated alternative limit for the fuel property; or where the designated alternative limit for the fuel property exceeds the PM averaging limit, the exceedance is not fully offset in accordance with subsection (G) ~~the applicable provisions in R20-2-751(G) or R20-2-751.01(F)~~.

F. All alternative PM gasoline formulations from November 1 through March 31 shall comply with oxygen content requirements for area A. Regardless of the oxygen content, ~~of~~ the final alternative PM gasoline formulation~~;~~ ~~it~~ shall be certified:

1. Using the PM with an oxygen content of 2.7% by weight; or

2. According to ~~In accordance with~~ subsection D(2)(a).

G. Offsetting Fuel ~~Physical~~ Properties and Performance Standards. Beginning April 1, 1999, each registered supplier who elects ~~has elected~~ to comply with the averaging standards for any of the fuel ~~physical~~ properties or performance standards contained in Tables 1 or 2, or the PM, shall complete physical transfer from the same production or import facility of certified Arizona CBG or AZRBOB in sufficient quantity to offset the amount ~~extent to~~ which the gasoline exceeds the ~~exceeded each~~ averaging standard according to the following schedule:

1. Registered suppliers electing averaging standards contained in Table 2 or the PM shall offset each ~~the~~ exceeded average standard within 90 days before or after the beginning of transport of any final blend of Arizona CBG or AZRBOB from a production or import facility; ~~of any final blend of Arizona CBG or AZRBOB.~~

2. Registered suppliers electing to comply with the averaging standard for the VOC Emission Reduction ~~contained~~ in Table 1, column ~~Column~~ B, shall offset an ~~any~~ exceedance of the standards occurring from ~~during the period of~~ May 1 to September 15 of each calendar year during that same time period~~.~~;

3. Registered suppliers electing to comply with the averaging standard for the NOx Emission Reduction contained in Table 1, column ~~Column~~ B, shall offset an ~~any~~ exceedance of the summer standard occurring from ~~during the period of~~ May 1 to September 15 of each calender year during that same time period~~.~~; and

4. Registered suppliers electing to comply with the averaging standard for the NOx Emission Reduction contained in Table 1, column ~~Column~~ B, shall offset an ~~any~~ exceedance of the winter standard occurring from ~~during the period of~~ September 16 to April 30 during that same time period.

H. Consequence ~~Consequences~~ of failure to comply with averages.

1. In addition to a penalty ~~penalties~~, if any, under R20-2-762, a ~~any~~ registered supplier who fails to comply with the requirements of subsection (G) shall meet the applicable per gallon standards

contained in Table 1, Table 2, or for any alternative PM gasoline formulation, for a probationary period as follows:

a. For persons electing to comply with the standards contained in Table 1, the probationary period shall begin on the 1st ~~first~~ day of the next corresponding ~~similar~~ averaging season and end on the last day of that averaging season if the conditions of subsection (2) are met.

b. For persons electing to comply with the standards contained in Table 2, the probationary period shall ~~will~~ begin no later than 90 days after the registered supplier determines, or receives ~~they receive~~ a notice from the Director, that the registered supplier did not ~~has failed to~~ comply with the requirements of subsection (G). Before the probationary period begins, the registered supplier shall notify the Director in writing of the beginning date of the probationary period. The probationary period shall be ~~will last for~~ 90 ~~calendar~~ days.

2. A registered supplier may not produce ~~begin producing~~ or import ~~importing~~ Arizona CBG or AZRBOB under an averaging compliance election until: ~~the registered supplier demonstrates to the Director's satisfaction that measures necessary to prevent future noncompliance have been implemented and that facility compliance with averaging will be achieved.~~

a. The registered supplier submits a compliance plan to the Director that includes:

i. An implementation schedule for actions that will be taken to prevent noncompliance, and

ii. Reporting requirements that will document that the plan is being implemented;

b. The plan is approved by the Director;

c. The plan is implemented; and

d. Compliance is achieved.

3. If a registered supplier fails to comply with the requirements of subsection (G) within 1 year of the end of a probationary period ~~provided~~ under subsection (H)(1), the registered supplier shall comply with applicable per gallon standards for a probationary period of ~~at least~~ 2 years, or ~~and~~ until the conditions in subsection (H)(2) are satisfied, whichever is later.

a. If a registered supplier elects compliance ~~For persons electing to comply~~ with the standards contained in Table 1, the probationary period shall begin on the first day of the next corresponding ~~similar~~ averaging season.

b. If a registered supplier elects compliance ~~For persons electing to comply~~ with the standards contained in Table 2, the probationary period shall ~~will~~ begin no later than 90 days after the registered supplier determines, or receives notice from the Director, that the registered supplier did not ~~has failed to~~ comply with the requirements of subsection (G). Before the probationary period begins, the registered supplier shall notify the Director in writing of the beginning date of the probationary period.

4. If a registered supplier fails to comply with the requirements of subsection (G) within 1 year of the end of a probationary period provided under subsection (H)(3), the registered supplier shall permanently comply with applicable per gallon standards.

I. Effect of VOC survey failure. Each time ~~On each occasion that~~ area A fails a Federal Complex Model VOC emissions reduction survey on or after May 1, 1999, conducted under ~~pursuant to~~ R20-2-760, the Federal Complex Model VOC emissions performance reduction in R20-2-751(A)(8) and the minimum per gallon VOC emission reduction percentage in Table 1, column C shall be increased by an absolute 1.0%, not to exceed the VOC percent emissions reduction per gallon standard in Table 1, column A.

J. Effect of NOx survey failure. Each time ~~On each occasion that~~ area A fails a Federal Complex Model NOx emissions reduction survey on or after November 1, 1999, conducted pursuant to R20-2-760, the Federal Complex Model NOx emissions performance reduction in R20-2-751(A)(9)(b) and the minimum per gallon NOx emission reduction percentage applicable to the period of September 16 through April 30 in Table 1, column C shall be increased by an absolute 1.0%, not to exceed the NOx percent emissions reduction per gallon standard applicable to the same time period in Table 1, column A.

K. Subsequent survey compliance. If ~~In the event that~~ the minimum VOC or NOx emissions reduction has been made more stringent according to ~~in accordance with~~ subsections (I) or (J), and area A passes all emissions reduction surveys for the VOC or NOx emission reduction ~~pollutant~~ for 2 consecutive years, the applicable VOC or NOx emissions reduction adjusted standard shall be reduced by an absolute 1%, but not below the applicable

minimum Federal Complex Model emission reduction performance standard in Table 1, column C beginning in the year following the 2nd ~~second~~ year of the compliant survey ~~series~~.

L. If ~~In the event that~~ the ~~required~~ VOC or NOx emissions reduction has been made less stringent ~~pursuant to~~ under subsection (K) and area A fails a subsequent VOC or NOx emissions reduction survey:

1. The applicable minimum emission reduction standard in Table 1, column C and subsection (A) ~~, for the pollutant~~ shall be increased by an absolute 1.0%, not to exceed the applicable minimum Federal Complex Model emission reduction performance per gallon ~~per-gallon~~ standard in Table 1, column A beginning in the year after the survey ~~following this subsequent~~ failure; and
2. The minimum emission reduction for the performance standard ~~pollutant thereafter~~ shall not be made less stringent regardless of the results of subsequent surveys for that performance standard ~~pollutant~~.

M. Effective date for more stringent standards. If a ~~In the case of any~~ standard is made ~~that is changed to be~~ more stringent by operation of subsections (I), (J) or (K), the effective date for the ~~such~~ change shall begin with the next averaging season for which the ~~that~~ standard is applicable.

~~**R20-2-751.01. Area A Arizona CBG Requirements - 1998**~~

~~**A.** In addition to the other requirements of this Article, from June 1, 1998 through September 30, 1998, all Arizona CBG shall meet all of the following requirements:~~

	~~**Property**~~	~~**Limits**~~
~~1.~~	~~Sulfur~~	~~500 ppm by weight (max)~~
~~2.~~	~~Aromatics~~	~~50 % by volume, (max)~~
~~3.~~	~~Olefins~~	~~25 % by volume (max)~~
~~4.~~	~~E200~~	~~70-30 % volume~~
~~5.~~	~~E300~~	~~100-70 % volume~~
~~6.~~	~~Maximum Vapor Pressure~~	
	~~June 1 - Sept 30~~	~~7.0 psi~~
~~7.~~	~~Oxygen and Oxygenates~~	
	~~a. Minimum Content:~~	

June 1 - Sept 30 0 % by weight

b. Maximum Content:

June 1 - Sept 30 4.0 % by weight for ethanol and 3.5% by weight for all other oxygenates

8. Federal Complex Model VOC Emissions Performance Reduction

June 1 - Sept 30 $32.6 % (Federal Complex Model settings: Summer, Area Class B, Phase 1)

9. Federal Complex Model NOx Emissions Performance Reduction

June 1 - Sept 30 $ -2.5 % (Federal Complex Model settings: Summer, Area Class B, Phase 1)

10. Dates represent compliance dates for service stations and fleet owners.

B. All registered suppliers shall make an initial election, and subsequent elections when a change occurs, prior to the beginning of transport of the Arizona CBG or AZRBOB and notify the director on a form or in a format prescribed by the director:

1. Whether the registered supplier (at each point where the Arizona CBG or AZRBOB is certified) will supply gasoline that complies with the Type 2 gasoline, Type 3 gasoline, or the PM alternative gasoline formulation requirements.

2. For each property, whether average standards or per gallon standards shall be applied. A registered supplier shall not elect to comply with average standards unless the supplier is in compliance with R20-2-760.

C. Registered suppliers shall certify Arizona CBG or AZRBOB in accordance with the provisions of R20-2-752 as meeting all requirements applicable to the election made in subsection (B) of this Section. Type 2 gasoline shall comply with the applicable requirements of Columns A and B (averaging options) or Column C (Non-averaging options) in Table 2 of R20-2-751. Type 3 gasoline shall comply with the applicable requirements in either column A, or columns B and C in addition to the oxygen requirements in columns C and D of Table 3, and shall be certified using the Federal Complex Model. The PM alternative gasoline formulation shall meet the requirements of subsection (D) of this Section, and Table 2, Column A of R20-2-751.

D. Certification and Use of PM for Alternative PM Gasoline Formulations

1. Except as provided in subsection (3), the use of the PM shall be as provided in the Predictive Model Procedures.

2. A registered supplier shall certify a PM alternative gasoline formulation with the director in 1 of the following ways:

a. Submittal to the director of a complete copy of the documentation provided to the executive officer of the California Air Resources Board in accordance with 13 California Code of Regulations, Section 2264; or

b. The registered supplier shall notify the director, on a form or in a format prescribed by the director, of:

i. The PM alternative specifications that will apply to the final blend, including for each specification whether it applies as a PM flat limit or a PM averaging limit; and

ii. The numerical values for percent change in emissions for oxides of nitrogen and hydrocarbons as determined in accordance with the Predictive Model Procedures.

The certification shall be received by the director prior to the beginning of transport of the PM alternative gasoline formulation.

3. Restrictions associated with elections to sell or supply final blends as PM alternative gasoline formulations.

a. A registered supplier may not make a new election to sell or supply from its production or import facility a final blend of Arizona CBG as a PM alternative gasoline formulation if the registered supplier is subject to any outstanding requirements to provide offsets at the same production or import facility pursuant to any provision in R20-2-751(E) or R20-2-751.01(E).

b. Once a registered supplier has elected to sell or supply from its production or import facility a final blend of Arizona CBG as a PM alternative gasoline formulation subject to a PM averaging compliance option for 1 or more properties, the registered supplier may not elect any other compliance option, including another PM alternative gasoline formulation, if there

~~are outstanding requirements to provide offsets for such property or properties pursuant to the applicable provisions in R20-2-751(E) or R20-2-751.01(E). However, this subparagraph shall not preclude a registered supplier under the circumstances described above from electing another PM alternative gasoline formulation where:~~

~~i. The only changes are that either PM flat limits for 1 or more properties are changed to PM averaging limits, or a single PM averaging limit for which there are no outstanding requirements to provide offsets is changed to a PM flat limit;~~

~~ii. There are no changes to the PM alternative specifications for the remaining properties; and~~

~~iii. The new PM alternative formulation meets the criteria for approval in the Predictive Model Procedures.~~

~~c. Once a registered supplier has elected to sell or supply from its production or import facility a final blend of Arizona CBG as a PM alternative gasoline formulation, the registered supplier may not use any previously assigned designated alternative limit for a property to provide offsets pursuant to R20-2-751(E) or R20-2-751.01(E) for any final blend sold or supplied from the production or import facility subsequent to the election.~~

~~d. Once a registered supplier has notified the director pursuant to R20-2-751(B) or R20-2-751.01(B) that a final blend of Arizona CBG is being sold or supplied from a production or import facility as a PM alternative gasoline formulation, all final blends of Arizona CBG subsequently sold or supplied from that production or import facility shall be subject to the same PM alternative specifications until the registered supplier either:~~

~~i. Designates a final blend at that facility as a PM alternative gasoline formulation subject to different PM alternative specifications, or~~

~~ii. Elects in accordance with R20-2-751(B) or R20-2-751.01(B) to have a final blend at that facility subject to flat limit compliance options or averaging compliance options.~~

~~4. Prohibited activities regarding PM alternative gasoline formulations.~~

a. No registered supplier shall sell, offer for sale, supply, or offer for supply from its production or import facility Arizona CBG which is reported pursuant to R20-2-751.01(B) as a PM alternative gasoline formulation subject to PM alternative specifications if any of the following occur:

i. The identified PM alternative specifications do not meet the criteria for approval in the Predictive Model Procedures; or

ii. The registered supplier was prohibited by R20-2-751.01(D)(3)(a) from electing to sell or supply the gasoline as a PM alternative gasoline formulation; or

iii. The gasoline fails to conform with any PM flat limit in the identified PM alternative specifications; or

iv. With respect to any property for which the registered supplier has identified a PM averaging limit,

(1) The gasoline exceeds the applicable PM average limit, and no designated alternative limit for the property has been established for the gasoline in accordance with R20-2-751(D)(2) or R20-2-751.01(D)(2); or

(2) A designated alternative limit for the property has been established for the gasoline in accordance with R20-2-751(D)(2) or R20-2-751.01(D)(2), and either of the following occur:

(a) The gasoline exceeds the designated alternative limit for the property, or

(b) Where the designated alternative limit for the property exceeds the PM averaging limit, the exceedance is not fully offset in accordance with the applicable provisions in R20-2-751(E) or R20-2-751.01(E).

E. Offsetting Physical Properties. Between May 1, 1998 through September 30, 1998, each registered supplier who has elected to comply with the averaging standards for any of the physical properties contained in Tables 2 or 3, or the PM, shall complete physical transfer from the same production or import facility of certified Arizona

CBG or AZRBOB in sufficient quantity to offset the extent to which the gasoline exceeded each averaging standard according to the following schedule:

1. Registered suppliers electing averaging standards contained in R20-2-751, Table 2 or the PM shall offset each exceeded average standard within 90 days before or after the beginning or transport from a production or import facility of any final blend of Arizona CBG or AZRBOB.
2. Registered suppliers electing to comply with the averaging standard for the VOC Emission Reduction contained in Table 3, Column B, shall offset any exceedance of the standards during the period of June 1, 1998 to September 30, 1998.
3. Registered suppliers electing to comply with the averaging standard for the NOx Emission Reduction contained in Table 3, Column B, shall offset any exceedance of the standard during the period of June 1, 1998 to September 30, 1998.

F. Consequences of failure to comply with averages.

1. In addition to penalties, if any, under R20-2-762, any registered supplier who fails to comply with the requirements of subsection (E) shall meet the applicable per gallon standards contained in R20-2-751, Table 2, Table 3, or for any alternative PM gasoline formulation, for a probationary period as follows:
   a. For persons electing to comply with the standards contained in Table 3, the probationary period shall begin on the first day of the next similar averaging season and end on the last day of that averaging season if the conditions of paragraph (2) of this subsection are met.
   b. For persons electing to comply with the standards contained in R20-2-751, Table 2, the probationary period will begin no later than 90 days after the registered supplier determines, or they receive a notice from the director, that the registered supplier has failed to comply with the requirements of subsection (E). Before the probationary period begins, the registered supplier shall notify the director in writing of the beginning date of the probationary period. The probationary period will last for 90 calendar days.
2. A registered supplier may not begin producing or importing Arizona CBG or AZRBOB under an averaging compliance election until the registered supplier demonstrates to the director's satisfaction

~~that measures necessary to prevent future noncompliance have been implemented and that facility compliance with averaging will be achieved.~~

R20-2-752. General Requirements for Registered Suppliers

A. Each batch of Arizona CBG or AZRBOB transported for sale or use in area A ~~from June 1 through September 30, 1998, or~~ from and after May 1, 1999, shall be certified as meeting the standards in this Article.

B. Certification shall be made by the registered supplier ~~producer or the importer~~. Certification shall be on a form or in a format ~~and in a medium~~ prescribed by the Director and shall include a statement signed by the responsible party that the Arizona CBG or AZRBOB meets the ~~applicable~~ standards of this Article. The certification shall include information on fuel properties and performance standards for each batch ~~properties~~ of Arizona CBG or AZRBOB. For each batch transported, certification ~~all required data~~ shall be received by the Director on or before the 15th day of each month for the Arizona CBG or AZRBOB transported during the previous month.

C. Record Keeping and Records Retention.

1. Each registered supplier who samples and analyzes ~~required to sample and analyze~~ a final blend or shipment of Arizona CBG or AZRBOB under this Section ~~pursuant to this subsection (C)~~ shall maintain, for 5 years from the date of each sampling, records of the following: ~~showing the~~
   a. Sample ~~sample~~ date~~;~~;
   b. Identity ~~identity~~ of blend or product sampled~~;~~;
   c. Container ~~container~~ or other vessel sampled~~;~~;
   d. The ~~the~~ final blend or shipment volume~~;~~; and
   e. The ~~the~~ sulfur, aromatic hydrocarbon, olefin, oxygen, RVP, and as applicable, T50, T90, E200 and E300 as determined in accordance with R20-2-759.
2. All Arizona CBG or AZRBOB produced or imported by a ~~the~~ registered supplier, which is ~~and~~ not tested as required by this Section, shall be deemed to have a RVP, sulfur, aromatic hydrocarbon, olefin, oxygen, T50 and T90 exceeding the standards specified in R20-2-751 ~~and R20-2-751.01~~, or exceeding the comparable PM averaging limits if applicable, unless the registered supplier ~~importer~~ demonstrates

to the Director that the Arizona CBG or AZRBOB meets all applicable ~~those~~ standards and limits for fuel properties and performance standards.

3~~2~~. A registered supplier shall provide to the Director any records ~~required to be~~ maintained by the registered supplier under ~~pursuant to this~~ subsection (C) within 20 days of a written request from the Director ~~if the request is received before expiration of the period during which the records are required to be maintained~~. ~~Whenever~~ If a registered supplier fails to provide records for ~~regarding~~ a blend or shipment of Arizona CBG or AZRBOB ~~in accordance with the requirements of~~ under this Section, the final blend or shipment of Arizona CBG or AZRBOB shall be deemed supplied ~~presumed to have been sold~~ by the registered supplier in violation of ~~the standards in~~ R20-2-751, ~~and R20-2-751.01,or exceeding the comparable PM averaging limits if applicable,~~ unless the registered supplier ~~importer~~ demonstrates to the Director that the Arizona CBG or AZRBOB meets all applicable ~~those~~ standards and limits for fuel properties and performance standards.

D. Notification requirement. A registered supplier shall notify the Director by facsimile prior to the beginning of transport of Arizona CBG or AZRBOB into area A by a means other than a pipeline.

E. Quality Assurance/Quality Control (QA/QC) Program. A ~~Each~~ registered supplier shall develop a QA/QC program to demonstrate the accuracy and effectiveness of the registered supplier's laboratory testing of Arizona CBG or AZRBOB. The QA/QC program shall be submitted to the Director for approval at least 3 months before ~~prior to~~ transport of Arizona CBG or AZRBOB. Instead of a ~~In lieu of the~~ QA/QC program, a registered supplier ~~suppliers~~ may opt to comply with the independent testing requirements of subsection (F).

F. Independent testing.

1. A ~~Any~~ registered supplier of Arizona CBG or AZRBOB who ~~that~~ does not comply with ~~the requirements of~~ subsection (E) shall conduct ~~carry out~~ a program of independent sample collection and analyses for the Arizona CBG or AZRBOB produced or imported ~~it produces or imports~~, which complies with ~~meets the requirements of~~ 1 of the following ~~two options~~:

   a. Option 1. A ~~The~~ registered supplier shall, for each batch of Arizona CBG or AZRBOB ~~that is~~ produced or imported, have an independent laboratory collect and analyze a representative sample from the batch using the methodology specified in R20-2-759 for compliance with

each fuel property or performance standard for which the Arizona CBG or AZRBOB is ~~has been~~ certified.

b. Option 2. A ~~The~~ registered supplier shall have an independent testing program ~~carried out~~ for all Arizona CBG or AZRBOB produced or imported, which consists ~~shall consist~~ of the following:

i. An independent laboratory shall collect a representative sample from each batch;

ii. The Director or designee shall identify up to 10% of the total number of samples collected under subsection (b)(i); and

iii. The designated independent laboratory shall, for each sample identified by the Director or designee, analyze the sample using methodology specified in R20-2-759 for compliance with each fuel property or performance standard for which the ~~that~~ batch is ~~was~~ certified.

The Director or designee may request a portion of the batch sample collected under this subsection for analysis by a laboratory selected by the Director or designee. The sample shall be submitted to the Director within 24 hours of written request.

2. Designation of Independent Laboratory.

a. A ~~Any~~ registered supplier who ~~that~~ does not comply with subsection (E) shall designate 1 independent laboratory for each production or import facility at which Arizona CBG or AZRBOB is produced or imported. ~~This~~ The independent laboratory shall ~~will~~ collect samples and perform analyses in compliance with the requirements of ~~this~~ subsection (F).

b. A ~~Any~~ registered supplier shall identify the ~~this~~ designated independent laboratory to the Director under the registration requirements of R20-2-750.

c. A laboratory is ~~In order to be~~ considered independent if:

i. The laboratory ~~shall~~ is not ~~be~~ operated by a ~~any~~ registered supplier, and is ~~shall~~ not ~~be~~ operated by a ~~any~~ subsidiary or employee of a ~~any~~ registered supplier;

ii. The laboratory does not have ~~shall be free from~~ any interest in any registered supplier; and

iii. The registered supplier does not have ~~shall be free from~~ any interest in the laboratory.

Notwithstanding the restrictions in subsections ~~items~~ (F)(2)(c)(i) through (iii), a laboratory shall be considered independent if it is owned or operated by a gasoline pipeline company owned or operated ~~, regardless of ownership or operation of the gasoline pipeline company~~ by producers or importers, provided that the ~~such~~ pipeline company is owned and operated by 4 or more producers or importers.

d. Use of a laboratory that is debarred, suspended, or proposed for debarment according to ~~pursuant to~~ the Government-wide Debarment and Suspension regulations, 40 CFR 32, or the Debarment, Suspension and Ineligibility provisions of the Federal Acquisition Regulations, 48 CFR 9(9.4), is noncompliant ~~shall be deemed noncompliance~~ with the requirements of ~~this~~ subsection (F).

3. A ~~Any~~ registered supplier shall cause its designated independent laboratory:

a. At the time the designated independent laboratory collects a representative sample from a batch of Arizona CBG or AZRBOB, to record the following ~~information~~:

i. The producer's or importer's assigned batch number for the batch being sampled;

ii. The volume of the batch;

iii. The identification number of the gasoline storage tank or tanks in which the batch is ~~was~~ stored at the time the sample is ~~was~~ collected;

iv. The date and time the batch became finished Arizona CBG or AZRBOB, and the date and time the sample is ~~was~~ collected;

v. The grade of the batch (~~e.g.~~ for example, unleaded premium, unleaded mid-grade, or unleaded); and

vi. For ~~In the case of~~ Arizona CBG or AZRBOB produced by ~~through~~ computer-controlled in-line blending, the date and time the blending process began and the date and time the blending process ended, unless exempt under subsection (G);

b. To retain each sample collected under ~~pursuant to the requirements of~~ this subsection for ~~a period of~~ at least 45 days, except ~~that~~ this time may ~~period shall~~ be extended ~~to a period of~~ up to 180 days upon request by the Director;

c. To submit to the Director periodic reports ~~, as follows:~~ .

~~i. From June 1, 1998 through September 30, 1998, reports shall be submitted on the 15th of every month for samples collected and analyzed during the previous month.~~

~~ii.~~ From May 1, 1999, and after, reports shall be submitted on the 15th day of the month following the previous 3 month reporting period. The ~~Each~~ report shall include, for each sample of Arizona CBG or AZRBOB ~~that was~~ analyzed ~~pursuant to the requirements of this~~ under subsection (F):

i. ~~(1)~~ The results of the independent laboratory's analyses for each fuel property ~~,~~ ; and

ii. ~~(2)~~ The information specified in ~~this~~ subsection (F)(3)(a) for each ~~such~~ sample; and

d. To supply to the Director, upon ~~the Director's~~ request, a portion of the ~~any such~~ sample.

G. Exemptions to QA/QC and Independent Laboratory Testing Requirements

1. A ~~Any~~ registered supplier who ~~that~~ produces or imports Arizona CBG using computer-controlled in-line blending equipment and is operating under an exemption from EPA under ~~in accordance with~~ 40 CFR 80.65(f)(4) is exempt from the requirements of subsections ~~R20-2-752~~ (E) and (F).

2. Reports of the results of the independent audit program of the refiner's computer-controlled in-line blending operation ~~that are~~ submitted to EPA under 40 CFR 80.65(f)(4) shall also ~~additionally~~ be submitted to the Director by March 1 of each year.

R20-2-753. General Requirements for Pipelines and 3rd-party Terminals

A. A ~~The~~ pipeline or 3rd-party terminal shall not accept Arizona CBG or AZRBOB for transport unless:

1. The supplier is registered with the Department ~~department;~~ and

2. The supplier provides written verification that the gasoline is Arizona CBG or AZRBOB and complies with the ~~applicable~~ standards in ~~either~~ R20-2-751(A) without ~~or R20-2-751.01(A)~~, ~~with no~~ reproducibility or numerical rounding. For the purposes of this Section, reproducibility means the

testing method margin of error as provided in the ASTM or other testing method required under this Article.

B. A ~~Any~~ pipeline or 3rd-party terminal that transports Arizona CBG or AZRBOB shall collect a sample of each incoming batch. The pipeline or 3rd-party terminal shall retain the ~~each~~ sample ~~collected pursuant to the requirements of this subsection~~ for a period of at least 30 days, except ~~that~~ this time may ~~period shall~~ be extended for individual samples ~~to a period of~~ up to 180 days upon request by the Director.

C. A ~~Any~~ pipeline shall conduct quality control testing of Arizona CBG or AZRBOB at a frequency of no less than 1 sample from 1 batch completing shipment per supplier per day at each input location.

D. The pipeline shall provide the Director with a report summarizing the laboratory testing results required in subsection (C) within 10 days of the end of each ~~calendar~~ month. The report shall contain the quantity of Arizona CBG or AZRBOB, ~~and~~ date tendered, whether ~~it~~ the Arizona CBG or AZRBOB was transported by the ~~entered a~~ pipeline, present sample location ~~of fuel sample~~, and laboratory analysis results.

E. If ~~For~~ any batch ~~that~~ does not meet the ~~applicable~~ standards in ~~either~~ R20-2-751(A) ~~or R20-2-751.01(A)~~, but is within reproducibility, the pipeline shall notify the Director by facsimile within 48 hours with the batch volume ~~quantity~~ and date tendered, proposed ~~date of~~ shipment date, whether the batch was transported by the ~~it entered a~~ pipeline, present batch location ~~of fuel,~~ and laboratory analysis results.

F. If ~~For~~ any batch ~~that~~ does not meet the ~~applicable~~ standards in ~~either~~ R20-2-751(A) ~~or R20-2-751.01(A)~~, including reproducibility, the pipeline or 3rd-party terminal shall notify the Director by facsimile within 24 hours with the quantity and date tendered, proposed ~~date of~~ shipment date, whether the batch was transported by the ~~it entered a~~ pipeline, present batch location ~~of fuel~~, and laboratory analysis results. If the ~~product~~ batch is in ~~still within~~ the pipeline or 3rd-party terminal's control, the pipeline or 3rd party terminal shall ~~measures shall be taken to~~ stop the release of the batch from a distribution point until it is ~~product from a distribution point until such time as it can be~~ certified as meeting the standards in R20-2-751(A) ~~and R20-2-751.01(A)~~.

G. A ~~The Director will not consider the~~ pipeline shall not ~~to~~ be liable under R20-2-761 if it ~~the pipeline~~ has complied with all of the procedures in this Section.

H. The pipeline or 3rd-party terminal shall develop a QA/QC program to demonstrate the accuracy and effectiveness of the pipeline's ~~pipeline~~ or 3rd-party terminal's laboratory testing. The QA/QC program for ~~In addition,~~ 3rd-

party terminals shall include a description of the laboratory testing protocol used to verify that ~~the~~ gasoline transported ~~being supplied for transport~~ to area A meets the ~~applicable~~ standards in ~~either~~ R20-2-751(A) ~~or R20-2-751.01(A)~~. ~~The QA/QC program shall be submitted to the director for approval by January 30, 1998 for any pipeline or third-party terminal that will be transporting Arizona CBG or AZRBOB any time prior to May 30, 1998. For any pipeline or third party terminal that registers after January 30, 1998, the~~ The QA/QC program shall be submitted to the Director for approval at least 3 months before ~~in advance of~~ the 1st date the pipeline or 3rd party terminal ~~such registrant~~ transports Arizona CBG or AZRBOB.

I. A portion of a facility that a ~~Units within a~~ 3rd-party terminal uses for ~~used as~~ production, import or oxygenate blending is exempt ~~facilities shall be exempted~~ from the provisions of this Section, but shall be operated in compliance ~~comply~~ with ~~applicable~~ requirements for facilities subject to rules for registered suppliers or oxygenate blenders.

R20-2-754. Downstream Blending Exceptions for Transmix

A. Pipelines may blend transmix into Arizona CBG or AZRBOB at a rate not to exceed 1/4 of 1% by volume. Each pipeline shall document the transmix blending (recording each batch and volume of transmix blended) and maintain the records at the terminal for 2 years from the date of blending.

B. One of 2 methods shall be used to measure the transmix as it is blended into the product stream:

1. Meters, calibrated at least twice each year; or
2. Tank gauge as per API Manual of Petroleum Measurement Standards, Chapters 3.1A (1st edition, December 1994) and 3.1B (1st edition, April 1992), ~~which is~~ incorporated by reference and ~~is~~ on file with the Secretary of State. This incorporation by reference contains no future editions or amendments.

R20-2-755. Additional Requirements for ~~Pertaining to~~ AZRBOB and Downstream Oxygenate Blending

A. Application of Arizona CBG standards to ~~or~~ AZRBOB.

1. Determining whether AZRBOB complies with ~~the standards for~~ Arizona CBG standards.
    a. If ~~Where~~ a registered supplier designates ~~has designated~~ a final blend as AZRBOB and complies ~~has complied~~ with the ~~all~~applicable provisions of this Section, the fuel

properties and performance standards of the final blend for purposes of compliance with Tables 1; or 2~~, or 3 in R20-2-751 and R20-2-751.01 shall be~~ are determined by adding the specified type and amount of oxygenate to a representative sample of the AZRBOB and determining the fuel properties and performance standards ~~and characteristics~~ of the resulting gasoline according to the ~~in accordance with an applicable~~ test methods ~~method identified~~ in R20-2-759. If ~~Where~~ the registered supplier designates ~~designated~~ a range of amounts of oxygenate or more than 1 oxygenate type to be added to the AZRBOB, the minimum designated amount of the oxygenate having the smallest designated volume shall be added to the AZRBOB to determine ~~when determining~~ the fuel properties and performance standards ~~and characteristics~~ of the final blend. If a ~~the~~ registered supplier does ~~has~~ not comply ~~complied~~ with ~~any applicable provisions of~~ this subsection, compliance of the final blend with applicable fuel property standards ~~Section, the properties of the final blend for purposes of the producer's or importer's compliance with R20-2-751 and R20-2-751.01~~, excluding requirements for RVP, shall be determined without adding oxygenate to the AZRBOB ~~gasoline~~.

b. In determining whether AZRBOB complies with the ~~standards for~~ Arizona CBG standards, the oxygenate added shall ~~must~~ be representative of the oxygenate the registered supplier reasonably expects will be subsequently added to the final blend.

2. Calculating the volume of a final blend of AZRBOB. If ~~Where~~ a registered supplier designates ~~has designated~~ a final blend as AZRBOB and complies ~~has complied~~ with ~~all applicable provisions of~~ this Section, the volume of the final blend shall be calculated for compliance purposes under ~~as contained in~~ R20-2-751 ~~and R20-2-751.01~~ by adding the minimum designated amount of the oxygenate having the smallest volume designated by the registered supplier. If a ~~the~~ registered supplier does ~~has~~ not comply ~~complied~~ with ~~any applicable provisions of~~ this subsection ~~Section~~, the volume of the final blend for purposes of compliance with applicable fuel property standards ~~the volume of the final blend for purposes~~

~~of the producer's or importers compliance with R20-2-751 and R20-2-751.01~~ shall be calculated without adding the amount of oxygenate to the AZRBOB.

B. Restrictions on transferring AZRBOB.

1. No person may transfer ownership or custody of AZRBOB to any other person unless the transferee has notified the transferor in writing that ~~either~~:
   a. The transferee is a registered oxygenate blender and will add oxygenate of the types and amount (or within the range of amounts) designated in ~~accordance with~~ R20-2-757 before the AZRBOB is transferred from a final distribution facility, or
   b. The transferee will take all reasonably prudent steps necessary to assure that the AZRBOB is transferred to a registered oxygen blender who adds the type and amount (or within the range of amounts) of oxygenate designated in ~~accordance with~~ R20-2-757 to the AZRBOB before the AZRBOB is transferred from a final distribution facility.
2. No person may sell or supply AZRBOB from a final distribution facility if ~~where~~ the type and amount or range of amounts of oxygenate designated in ~~accordance with~~ R20-2-757 have ~~has~~ not been added to the AZRBOB.

C. Restrictions on blending AZRBOB with other products. No person may combine any AZRBOB ~~that has been~~ supplied from the facility at which it is ~~was~~ produced or imported with any other AZRBOB, gasoline, blendstock or oxygenate, except:

1. Oxygenate of the type and amount (or within the range of amounts) specified by the registered supplier at the time the AZRBOB is ~~was~~ supplied from the production or import facility, or
2. Other AZRBOB for which the same oxygenate type and amount (or range of amounts) is ~~was~~ specified by the registered supplier at the time the AZRBOB is ~~was~~ supplied from the production or import facility.

D. Quality Assurance Sampling and Testing ~~audit~~ requirements for a registered supplier supplying AZRBOB from a ~~its~~ production or import facility. A ~~Each~~ registered supplier supplying AZRBOB from a ~~its~~ production or import facility shall conduct a quality assurance sampling and testing program which meets ~~substantially satisfying~~ the requirements of ~~in~~ 40 CFR 80.69(a)(7) as it existed on July 1, 1996, but modified as follows:

1. Change "RBOB" to "AZRBOB"; ~~and~~

2. Change in the 1st paragraph "…using the methodology specified in §80.46…" to "…using the methodology specified in R20-2-759…"; and

3. Change in paragraph (a)(7)(ii) "(within the correlation ranges specified in §80.65(e)(2)(I)" to "(within the ranges of the applicable test methods)". 40 CFR 80.69(a)(7) as it existed on July 1, 1996, is incorporated by reference and on file with the Department and the Office of the Secretary of State. This incorporation by reference contains no future editions or amendments.

E. Requirements for oxygenate blenders.

1. Requirement to add oxygenate to AZRBOB. If ~~Whenever~~ an oxygenate blender receives AZRBOB from a transferor to whom the oxygenate blender has represented that oxygenate will be added to the AZRBOB, the oxygenate blender shall ~~must~~ add ~~to the AZRBOB~~ oxygenate of the types and amount (or within the range of amounts) identified in the documentation accompanying the AZRBOB to the AZRBOB.

2. Additional requirements for terminal blending. An ~~Any~~ oxygenate blender who makes a final blend of Arizona CBG by blending an ~~any~~ oxygenate with any AZRBOB in a ~~any~~ gasoline storage tank, other than a truck used for delivering gasoline to retail outlets or bulk purchaser-consumer facilities, shall, for each ~~such~~ final blend, determine the oxygen content and volume of the final blend before shipping the final blend ~~prior to its leaving the oxygen blending facility~~, by collecting and analyzing a representative sample of gasoline taken from the final blend, using the methodology ~~set forth~~ in R20-2-759.

3. Additional requirements for oxygenate blending ~~blenders who blend oxygenate~~ in trucks.

   An oxygenate ~~Any oxygen~~ blender who obtains ~~any~~ AZRBOB in a ~~ny~~ gasoline delivery truck shall conduct ~~a~~ quality assurance sampling and testing which meets ~~program substantially satisfying~~ the requirements in 40 CFR 80.69(e)(2) as it existed on July 1, 1996, but modified as follows:

   a. Change "RBOB" to "AZRBOB"; and

   b. Change in paragraph (e)(2)(iv) "… using the testing methodology specified at §80.46 …" to "… using the testing methodology specified in R20-2-759…"; and

c. Change in paragraph (e)(2)(v) "(within the ranges specified in §80.70(b)(2)(I))" to "(within the ranges of the applicable test methods)". 40 CFR 80.69(e)(2) as it existed on July 1, 1996, is incorporated by reference and on file with the Department and the Office of the Secretary of State. This incorporation by reference contains no future editions or amendments.

4. Additional requirements for ~~oxygenate blenders who~~ in-line ~~blend~~ oxygenate blending in ~~to~~ pipelines using computer controlled blending.

a. An ~~Any~~ oxygenate blender who produces Arizona CBG by blending oxygenate with AZRBOB into a pipeline using computer-controlled in-line blending shall, for each batch of Arizona CBG produced:

i. Obtain a flow proportional composite sample of the blended Arizona CBG after ~~subsequent to~~ the addition of oxygenate and before ~~priorto~~ combining the resulting Arizona CBG with any other gasoline;

ii. Determine the oxygen content of the Arizona CBG by analyzing the composite sample within 24 hours of blending using the methodology in ~~of~~ R20-2-759;

iii. Determine the volume of the Arizona CBG.

b. If ~~In the event~~ the test ~~testing~~ results for the Arizona CBG indicate that it does not contain the specified type and amount of oxygenate within the ranges of the applicable test methods the oxygenate blender shall:

i. Notify the pipeline to downgrade the Arizona CBG to conventional gasoline or transmix ~~tankage~~ upon arrival in Arizona;

~~ii. Notify the Director and begin an investigation to determine the cause of the noncompliance;~~

~~iii. Collect spot samples each 2 hours during each in-line blend of AZRBOB and oxygenate, and analyze these spot samples within 12 hours, until the cause of the non-compliance has been determined and to the satisfaction of the Director.~~

ii. Begin an investigation to determine the cause of the noncompliance;

iii. Collect spot samples every 2 hours during each in-line blend of AZRBOB and oxygenate, and analyze the samples within 12 hours of collection, until the cause of the non-compliance is determined and corrected; and

iv. Notify the Director in writing within 1 business day.

The oxygenate blender shall comply with this subsection until the Director approves the corrective action.

5. Record Keeping and Records Retention.

a. An ~~Each~~ oxygenate blender shall maintain, for 5 years from the date of each sampling, records of the following ~~showing the~~:

i. Sample ~~sample~~ date,

ii. Identity ~~identity~~ of blend or product sampled,

iii. Container ~~container~~ or other vessel sampled,

iv. The ~~the~~ final blend or shipment volume, and

v. The ~~the~~ oxygen content as determined in accordance with R20-2-759 ~~of this Article~~.

b. All Arizona CBG blended by an ~~the~~ oxygenate blender and not tested as required by this Section shall be deemed to have an oxygen content exceeding the standards specified in R20-2-751 ~~and R20-2-751.01~~, or exceeding the comparable PM averaging limits if applicable, unless the oxygenate blender demonstrates to the Director that the Arizona CBG meets the ~~those~~ standards in R20-2-751 ~~and limits~~.

c~~b~~. An oxygenate blender shall provide to the Director any records ~~required to be~~ maintained by the oxygenate blender under ~~pursuant to this subsection~~ R20-2-755 within 20 days of a written request from the Director ~~if the request is received before expiration of the period during which the records are required to be maintained~~. ~~Whenever a~~ If an oxygenate blender fails to provide records for ~~regarding~~ a blend or shipment of Arizona CBG under ~~in accordance with the requirements of~~ this Section, the final blend or shipment of Arizona CBG shall be deemed ~~presumed to have been sold by the oxygenate blender~~ in violation of ~~the standards in~~ R20-2-751 ~~and R20-2-751.01~~, or deemed to exceed ~~exceeding~~ the comparable

PM averaging limits if applicable, unless the oxygenate blender demonstrates to the Director that the Arizona CBG meets the ~~those~~ standards and limits under R20-2-751.

6. Notification requirement. An oxygenate blender shall notify ~~by facsimile~~ the Director by facsimile prior to the beginning of transport of Arizona CBG or AZRBOB into area A by a means other than a pipeline.

7. Quality Assurance/Quality Control (QA/QC) Program. An ~~Each~~ oxygenate blender who conducts laboratory sampling and analysis required under subsection (E) in their own laboratory shall develop a QA/QC program to demonstrate the accuracy and effectiveness of the oxygenate blender's laboratory testing of Arizona CBG or AZRBOB. The QA/QC program shall be submitted to the Director ~~director~~ for approval at least 3 months before ~~prior to~~ transport of Arizona CBG. Instead of a ~~In lieu of the~~ QA/QC program, an ~~the~~ oxygenate blender ~~blenders~~ may opt to comply with the independent testing requirements of R20-2-752(F), except that the minimum number of samples collected and analyzed by the independent laboratory shall be 10% of the number of samples required to be analyzed under subsection (E).

8. Each oxygenate blender who does not conduct the laboratory sampling and analysis required under this subsection in its own laboratory shall designate an independent laboratory, as required in R20-2-752(F), to conduct all of the laboratory sampling and analysis required under subsection (E).

9. A portion of any sample collected under subsections (7) or (8) shall be submitted to the Director within 24 hours of the Director or designee's written request.

R20-2-756. Downstream Blending of Arizona CBG with Nonoxygenate Blendstocks

A. A ~~No~~ person may not combine Arizona CBG ~~which has been~~ supplied from a production or import facility with any nonoxygenate blendstock, other than vapor recovery condensate, unless the person demonstrates to the Director ~~can affirmatively demonstrate that~~:

1. The blendstock ~~that is~~ added to the Arizona CBG meets all of the Arizona CBG standards regardless of ~~without regard to~~ the fuel properties and performance standards of the gasoline to which the blendstock is added; and

2. The person meets ~~with regard to~~ the ~~blendstock all~~ requirements in this Article ~~article~~ applicable to producers of Arizona CBG.

B. Notwithstanding subsection (A), a person may add nonoxygenate blendstock to a previously certified batch or mixture of certified batches of Arizona CBG that does not comply with 1 or more of the applicable per gallon standards contained in R20-2-751(A) if ~~and R20-2-751.01(A) where~~ the person obtains ~~the~~ prior written approval from ~~of~~ the Director based on a demonstration that adding the blendstock will bring ~~is a reasonable means of bringing~~ the previously certified Arizona CBG ~~gasoline~~ into compliance with the applicable per gallon standards for Arizona CBG. The oxygenate blender or registered supplier shall certify to the Department the reblended Arizona CBG.

R20-2-757. Product Transfer Documentation; Records Retention

A. If a ~~On each occasion when any~~ person transfers custody or title to any Arizona CBG or AZRBOB, other than when gasoline is sold or dispensed at a service station or fleet vehicle fueling facility, the transferor shall provide to the transferee documents which include the following ~~information~~:

1. The name and address of the transferor;
2. The name and address of the transferee;
3. The volume of Arizona CBG or AZRBOB ~~which is~~ being transferred;
4. The location of the Arizona CBG or AZRBOB at the time of the transfer;
5. The date of the transfer;
6. Product transfer document number;
7. The proper identification of the gasoline as Arizona CBG or AZRBOB;
8. The minimum octane rating;
9. The applicable Federal Complex Model VOC and NOx reduction percentage standards contained in R20-2-751(A) to ~~or R20-2-751.01(A) with~~ which the Arizona CBG or AZRBOB conforms ~~.~~;
10. For oxygenated Arizona CBG designated for sale for use in motor vehicles from November 1 through March 31, the type and quantity of oxygenate contained in the Arizona CBG~~.~~; and
11. In the case of AZRBOB for which oxygenate blending is intended:

a. Identification of the product as AZRBOB, and a statement that the AZRBOB does not comply with the standards for Arizona CBG without the addition of oxygenate;

b. The designation of the AZRBOB as suitable for blending with:

i. Any oxygenate;

ii. Ether only; or

iii. A ~~Other~~ specified oxygenate type or types and amount or amounts; ~~and~~

c. The oxygenate type or types and amount or amounts which the AZRBOB requires in order to meet the fuel properties or performance standards claimed by the registered supplier of the AZRBOB, and the applicable volume percent oxygenate and weight percent oxygen content specifications; and

d. Instructions to the transferee that the AZRBOB may not be combined with any other AZRBOB unless it has ~~except when having~~ the same requirements for oxygenate type or types and amount or amounts.

B. A registered supplier, 3rd-party terminal, or pipeline may comply with this requirement by using ~~the use of~~ standardized product codes on pipeline tickets if the ~~. The~~ codes are specified ~~for the Arizona CBG or AZRBOB shall be identified~~ in a manual ~~that is~~ distributed by the pipeline to transferees of the Arizona CBG or AZRBOB~~.~~ and the manual sets forth all ~~of the~~ required information for the Arizona CBG or AZRBOB.

C. Any person identified in subsection (A), other than ~~with the exception of~~ registered suppliers, oxygenate blenders, 3rd-party terminals and pipelines, shall retain product transfer documents for each shipment of Arizona CBG or AZRBOB transferred during the previous 24-month period. Transfer or delivery documents for ~~The documentation for the transfers or deliveries made during~~ the ~~preceding~~ 30 day period preceding the most recent transfer or delivery shall be maintained at the business address listed on the product transfer document. All remaining transfer or delivery documents ~~Documentation for the remainder of all transfers or deliveries~~ for the preceding 24 months shall be available within 2 working days from the time of request by the Director or designee. Registered suppliers, oxygenate blenders, 3rd-party terminals, and pipelines shall retain product transfer documents for each shipment of Arizona CBG or AZRBOB transferred during the previous 60-month period. Transfer or delivery documents ~~The documentation for the transfers or deliveries~~ made during the

~~preceding~~ 30-day period preceding the most recent transfer or delivery shall be maintained at the business address listed on the product transfer document. Documents ~~Documentation~~ for the remainder of all transfers or deliveries for the preceding 60 months shall be available within 2 working days from the time of request by the Director or designee.

D. All documents requested for review by the Director or designee ~~a Department official~~, upon request, shall be ~~photocopied and~~ presented to the Department. Legible photocopies shall be acceptable.

R20-2-758. Adoption of Fuel Certification Models

A. The following documents are incorporated by reference and on file with the Department and the Office of the Secretary of State. This incorporation by reference contains no future editions or amendments. ~~These documents do not include any later amendments or editions. Copies of each are available from the department.~~

1. The California Predictive Model (PM), California Air Resources Board's "California Procedures for Evaluating Alternative Specification for Phase 2 Reformulated Gasoline Using the California Predictive Model," as adopted April 20, 1995 (~~hereafter~~ Predictive Model Procedures).
2. The Federal Complex Model as contained in 40 CFR 80.45, July 1, 1996.

R20-2-759. Testing Methodologies

A. Except as provided in subsections (C) and (D), Arizona CBG or AZRBOB certified as meeting standards under ~~R20-2-751,~~ Table 1 ~~or R20-2-751.01, Table 3~~ shall be tested with the methods ~~testing methodologies~~ required by 13 California Code of Regulations, Section 2263, incorporated by reference as of January 1, 1997.

B. Except as provided in subsection (C), Arizona CBG or AZRBOB certified as meeting standards under Table 2 shall be tested with methods under ~~required by~~ 13 California Code of Regulations, Section 2263, incorporated by reference as of January 1, 1997, and on file with the Department and the Office of the Secretary of State. This incorporation by reference contains no future editions or amendments.

C. Registered suppliers, oxygenate blenders and 3rd-party terminals certifying gasoline before ~~prior to~~ transport to Maricopa County shall measure oxygenate using ASTM D4815-96 ~~D-4815-96~~ procedures and RVP using

ASTM D4814 standards. For gasoline located in ~~within~~ Maricopa County, oxygenate shall be measured using ASTM D4815-96 ~~D-4815-96~~ and RVP shall be measured using ASTM D5191-96.

D. Except as required in subsection (C), a registered supplier of Arizona CBG or AZRBOB may certify Type 1 ~~or Type 3~~ gasoline produced or imported at any ~~specific~~ facility using the federal test methods contained in 40 CFR 80.46 (a) through (g) provided ~~that~~ these are the only test methods used by that registered supplier to certify ~~for~~ Arizona CBG or AZRBOB ~~certified~~ at that facility.

R20-2-760. Compliance Surveys

A. A ~~Each~~ registered supplier who elects to certify that Arizona CBG or AZRBOB meets any ~~to meet any~~ averaging standard under R20-2-751 ~~or R20-2-751.01~~ shall conduct ~~a program of~~ compliance surveys in accordance with a survey program plan ~~which has been~~ approved by the Director. Approval ~~Such approval~~ shall be based upon the survey program plan meeting the following criteria:

1. The survey program shall consist of surveys which ~~shall~~ occur during the following time periods~~:~~

~~a. From June 1, 1998, through September 30, 1998, two surveys shall be conducted;~~

~~b.~~ ~~From~~ from and after May 1, 1999:

a. ~~i.~~ Two VOC surveys during the period May 1 through September 15 ~~of each year~~; and

b. ~~ii.~~ Two NOx surveys during the ~~each~~ period of November 1 through March 31, which constitute a survey series.

2. The survey program shall meet the criteria stated in subsection (B).

3. In the event that a ~~any~~ registered supplier fails to conduct an approved survey program, the Director shall issue an order requiring compliance ~~that person comply~~ with all applicable standards on a per gallon ~~per-gallon~~ basis for a period of at least 6 months, extending through the end of the survey period identified in subsection (A)(1) and ending after the ~~on or end of that~~ 6-month period. The ~~This~~ requirement for ~~to achieve~~ compliance with per gallon ~~per-gallon~~ standards shall apply from ~~*ab initio* to~~ the beginning of the ~~applicable~~ survey period ~~periods~~ for which the failure occurs, regardless of when ~~during that period~~ the failure to survey occurs during that period.

B. General survey requirements.

1. A survey shall consist of all samples ~~that are~~ collected under ~~pursuant to~~ the applicable survey design during any consecutive 7-day period and ~~that are~~ not excluded under subsection (B)(4) ~~(B)(6)~~.

2. A survey shall be representative of all Arizona CBG gasoline ~~which is~~ being dispensed in area A as provided in subsection (E).

~~3. A VOC survey shall consist of any survey conducted during the periods identified in (A)(1)(a) and (A)(1)(b)(i).~~

~~4. A NOx survey series shall consist of any survey conducted during the periods identified in (A)(1)(a) and (A)(1)(b)(ii).~~

~~5~~3. Each sample included in a survey shall be analyzed for oxygenate type and content, olefins, sulfur, and aromatic hydrocarbons, E200, E300, and RVP according to ~~in accordance with~~ the methodologies specified in R20-2-759. RVP shall ~~should~~ be analyzed during the time period of ~~June 1, 1998 through September 30, 1998 and~~ May 1 through September 15 from and after May 1, 1999.

~~6~~4. The results of each survey shall be based upon the results of the analysis of each sample collected during the course of the survey, unless the sample violates the applicable per gallon ~~per-gallon~~ maximum or minimum standards for the parameter being evaluated plus any enforcement tolerance that applies to the parameter.

~~7~~5. A survey ~~Any~~ sample ~~from a survey~~ that violates ~~any standard under~~ R20-2-751 ~~or R20-2-751.01~~, or that constitutes evidence of the violation of any prohibition or requirement under this Article, may be used by the Director in an enforcement action for the ~~such~~ violation.

~~8~~6. Each laboratory which analyzes survey samples ~~at which samples in a survey are analyzed~~ shall participate in a correlation program with the Director to ensure the validity of analysis results.

C. The results of each Federal Complex Model VOC emissions reduction survey shall be determined as follows:

1. For each Federal Complex Model sample from the survey ~~series~~, the VOC emissions reduction percentage shall be determined based upon the tested fuel properties ~~parameter values~~ for that sample and the appropriate methodology for calculating VOC emissions reduction at 40 CFR 80.45 ~~§80.45~~, as ~~adopted~~ incorporated by reference in ~~under~~ R20-2-758;

2. Area A fails ~~shall have failed~~ the Federal Complex Model VOC survey if the VOC emissions reduction percentage average of all ~~survey~~ samples collected during that survey is less than the per gallon ~~applicable per-gallon~~ standard for VOC emissions reduction in Table 1, column A.

D. The results of each NOx emissions reduction ~~survey and~~ survey series shall be determined as follows:

1. For each sample from the ~~survey and~~ survey series, the NOx emissions reduction percentage shall be determined based upon the tested parameter values for that sample and the appropriate methodology for calculating NOx emissions reduction at 40 CFR 80.45 ~~§80.45~~ as incorporated ~~adopted~~ by reference in ~~under~~ R20-2-758; and
2. Area A fails ~~shall have failed~~ the NOx ~~survey or~~ survey series if the NOx emissions reduction percentage average for all survey samples is less than the ~~applicable~~ Federal Complex Model per gallon ~~per-gallon~~ standard for NOx emissions reduction in Table 1, column A.

E. Each survey program shall:

1. Be planned and conducted by a person ~~who is~~ independent of the registered supplier (~~hereafter referred to as~~ the surveyor). To ~~In order to~~ be considered independent:
   a. The surveyor shall not be an employee of any registered supplier;
   b. The surveyor shall be free from any obligation to or interest in any registered supplier; and
   c. The registered supplier shall be free from any obligation to or interest in the surveyor.
2. Be designed to include enough samples to ensure ~~Include procedures such that the number of samples included in each survey assures~~ that the average levels of oxygen, RVP, aromatic hydrocarbons, olefins, T50, T90, and sulfur are determined with a 95% confidence level, with error of less than 0.1 psi for RVP, 0.1% for oxygen (by weight), 0.5% for aromatic hydrocarbons (by volume), 0.5% for olefins (by volume), 5EF. for T50 and T90, and 10 ppm for sulfur;
3. Require that the surveyor ~~shall~~:
   a. Except as provided in subsection (F), not inform anyone, in advance, of the date or location for the conduct of any survey;
   b. ~~Upon request by the Director made within 30 days following the submission of the report of a survey, provide a duplicate of any gasoline sample taken during that survey to the Director~~

~~at a location to be specified by the Director, each sample to be identified by the name and address of the facility where collected, and the date of collection.~~ Upon request of the Director, provide a duplicate of any sample taken during the survey within 30 days following submission of the survey report:

i. To a location specified by the Director;

ii. With each sample identified by the name and address of the facility where the sample was collected; and

iii. With the date of collection.

c. Permit a Department official at any time ~~At any time permit any representative of the Director~~ to monitor the conduct of the survey, including sample collection, transportation, storage, and analysis.

4. Require the surveyor to submit ~~to the Director~~ a report of each survey, within 30 days following completion of the survey~~,~~ to the Director. The ~~such~~ report shall ~~to~~ include ~~the following information~~:

a. The name ~~identification~~ of the person conducting ~~who conducted~~ the survey;

b. An attestation by an officer of the surveying ~~survey or~~ company that the survey was conducted according to ~~in accordance with~~ the survey plan and ~~that~~ the survey results are accurate;

c. If the survey was conducted for 1 registered supplier, the identification of that supplier ~~party~~;

d. The identification of the area in which the gasoline was surveyed;

e. The dates on which the survey was conducted;

f. The address of each facility at which a gasoline sample was collected, and the date of collection;

g. The results of the analyses of Federal Complex Model samples for oxygenate type and oxygen weight percent, aromatic hydrocarbon, and olefin content, E200, E300, and RVP, the calculated VOC or ~~and~~ NOx emissions reduction percentage, as applicable, for each survey conducted during the ~~applicable~~ periods identified in subsection (A)(1).

h. The name and address of each laboratory where gasoline samples were analyzed;

i. A description of the methodology used ~~utilized~~ to select the locations for sample collection and the numbers of samples collected;

j. For any samples which were excluded from the survey, a justification for the ~~such~~ exclusion; and

k. For each survey conducted during the period June 1 through September 15, the average Federal Complex Model VOC emissions reduction percentage, and the average Federal ComplexModel NOx emissions reduction percentage, for samples collected during the period November 1 through March 31.

F. Each survey shall be commenced on a date selected by the Director. The Director shall notify the surveyor of the date selected at least ~~no earlier than~~ 10 business days before the beginning date of the survey.

G. The procedure for seeking Director approval for a survey program plan is ~~shall be as follows~~:

1. The survey program plan shall be submitted to the Director for the Director's approval no later than January 1 to cover the survey period of May 1 through March 31 of each year; and

2. The survey program plan ~~Such submittal~~ shall be signed by a responsible corporate officer of the registered supplier, or in the case of a comprehensive survey program plan, by an officer of the organization coordinating the survey program.

H. No later than April 1 of each year, the registered supplier's contract with the surveyor to carry out the entire survey plan for the next summer and winter season shall be in effect, and an amount of money paid by the registered supplier necessary to carry out the entire survey plan shall be paid to the surveyor or placed into an escrow account with instructions to the escrow agent to pay the money over to the surveyor during the course of the conduct of the survey plan. No later than April 15 preceding the period in which the surveys will be conducted, the Director shall be given a copy of the contract with the surveyor, proof that the money necessary to carry out the plan has either been paid to the surveyor or placed into an escrow account, and if placed into an escrow account, a copy of the escrow agreement.

R20-2-761. Liability for Noncompliant Gasoline

A. Persons liable. If ~~Where~~ the gasoline designated as Arizona CBG or AZRBOB is found ~~to be~~ noncompliant with the provisions of R20-2-751 ~~or R20-2-751.01~~ , the following persons are ~~shall be deemed~~ liable for the ~~such~~ violation:

1. Each person who owns, leases, operates, controls or supervises the facility where the noncompliant gasoline is found;
2. Each registered supplier whose corporate, trade, or brand name, or whose marketing subsidiary's corporate, trade, or brand name, appears at the facility where the noncompliant gasoline is found;
3. Each person who manufactured, imported, sold, offered for sale, dispensed, supplied, offered for supply, stored, transported, or caused the transportation of any gasoline ~~which is~~ in a ~~the~~ storage tank containing gasoline found to be noncompliant ~~in noncompliance~~.

B. Defenses.

1. A person who is otherwise ~~would be~~ liable under subsection (A), is not liable ~~shall be deemed not in violation~~ if that person demonstrates ~~can demonstrate~~:
   a. That the violation was not caused by the regulated party or its employee or agent;
   b. That product transfer documents account for all of the noncompliant gasoline in the storage tank ~~found in violation~~ and indicate that the gasoline complied with this Article ~~met applicable requirements~~; and
   c. That the person had ~~it has conducted~~ a quality assurance sampling and testing program, as described in subsection (C) in effect at the time of the violation; except that any person who transfers Arizona CBG or AZRBOB but does not assume title may rely on the quality assurance program carried out by another person ~~party~~, including the person ~~party~~ that owns the noncompliant Arizona CBG or AZRBOB ~~in question~~, provided ~~that~~ the quality assurance program is ~~carried out~~ properly administered.
2. If ~~Where~~ a violation is found at a facility which operates ~~is operating~~ under the corporate, trade or brand name of a registered supplier, that registered supplier must show, in addition to the defense elements in ~~required by~~ subsection (B)(1), that the violation was caused by:

a. A ~~An act in~~ violation of law other than A.R.S. Title 41, Chapter 15, Article 6, this Article, or an act of sabotage or vandalism;

b. A ~~The action of any person in~~ violation of a contract obligation ~~contractual undertaking~~ imposed by the registered supplier designed to prevent noncompliance ~~such action~~, and despite periodic compliance sampling and testing by the registered supplier ~~to ensure compliance with such contractual obligation~~; or

c. The action of any person having custody of ~~who transfers~~ Arizona CBG or AZRBOB ~~but does not assume title~~ not subject to a contract with the registered supplier but engaged by the registered supplier for transportation of Arizona CBG or AZRBOB, despite specification or inspection of procedures and equipment by the registered supplier which are designed ~~reasonably calculated~~ to prevent violations ~~such action~~.

3. To show that the violation was caused by any of the ~~specified~~ actions in subsection (B)(2), the person ~~party~~ must demonstrate by reasonably specific showings, by direct or circumstantial evidence, that the violation was caused or must have been caused by another person.

C. Quality assurance sampling and testing program. In order to demonstrate an acceptable quality assurance program for Arizona CBG or AZRBOB, at all points in the gasoline distribution network, other than at service stations or fleet owner facilities, a person ~~party~~ must present evidence:

1. Of a periodic sampling and testing program to determine compliance with the ~~if the applicable~~ maximum or minimum standards ~~as reflected~~ in R20-2-751 ~~and R20-2-751.01 are met~~; and

2. That ~~on~~ each time ~~occasion when~~ Arizona CBG or AZRBOB is noncompliant ~~found in noncompliance~~ with 1 of the requirements ~~referred to~~ in subsection (C)(1):

a. The person ~~party~~ immediately ceases selling, offering for sale, dispensing, supplying, offering for supply, storing, transporting, or causing the transportation of the noncompliant Arizona CBG or AZRBOB ~~violating product~~; and

b. The person ~~party promptly~~ remedies the violation as soon as practicable ~~by abiding by the provisions of this Article~~.

R20-2-762. Penalties

Any person who violates any provision of this Article is ~~shall be~~ subject to ~~any or all of~~ the following:

1. Prosecution for a Class 2 misdemeanor under ~~pursuant to~~ A.R.S. § 41-2113(B)(4)~~.~~;
2. Civil penalties in the amount of $500 per violation under ~~infraction pursuant to~~ A.R.S. § 41-2115~~.~~; and
3. Stop-use, stop-sale, hold and removal orders under ~~pursuant to~~ A.R.S. § 41-2066(A)(2).

TABLE 1 - TYPE 1 GASOLINE STANDARDS

	Non-averaging Option	Averaging Option		
	A	B	C	D
Fuel Property / Performance Standard**	**Per Gallon (minimum)**	**Average**	**Minimum (per gallon)**	**Maximum (per gallon)**
VOC Emission Reduction (%) May 1 - Sept 15	$27.5	$>29.0	$25.0	N/A
NOx Emission Reduction (%) May 1 - Sept 15	$5.5	$6.8	$3.0	N/A
NOx Emission Reduction (%) Sept 16 - April 30	$0.0	$1.5	$-2.5	N/A
Oxygen, ethanol, (% by weight unless otherwise noted)				
Nov 1- Mar 31	10% ethanol by vol.	N/A	10% ethanol by vol.	4.0
April 1 - Oct 31	2.0	2.1	1.5	4.0
Oxygen, other than ethanol, (% by weight)				
Nov 1- Mar 31	2.7	N/A	2.7	3.5*
April 1 - Oct 31	2.0	2.1	1.5	2.7

* Maximum oxygen content must comply with the EPA oxygenate waiver requirements.

** Dates represent compliance dates for service stations and fleet owners.

TABLE 2 - TYPE 2 GASOLINE STANDARDS

	Averaging Option		Non-averaging Option	
	A	**B**	**C**	
Fuel Property	**Maximum Standard (per gallon)**	**Averaging Standard***	**Flat Standard * (per gallon maximum)**	**Units of Standard**
Sulfur Content	80	30	40	Parts per million by weight
Olefin Content	10.0	4.0	6.0	% by volume
90% Distillation Temperature (T90)	330	290	300	Degrees Fahrenheit
50% Distillation Temperature (T50)	220	200	210	Degrees Fahrenheit
Aromatic Hydrocarbon Content	30.0	22.0	25.0	% by volume
Oxygen, ethanol				
Nov 1- Mar 31	10% ethanol	--	10% ethanol	% by vol.
April 1 - Oct 31	2.7	--	2.7***	% by weight
Oxygen, other than ethanol				
Nov 1- Mar 31	3.5**	--	3.5**	% by weight
April 1 - Oct 31	2.7	--	2.7***	% by weight

* In lieu of the standards in columns B and C, registered suppliers may opt to comply with the standards contained in R20-2-751(D), (E) and (F) ~~and R20-2-71.01(D)~~ for the use of the PM.

** Maximum oxygen content must comply with the EPA oxygenate waiver requirements.

*** The gasoline produced in accordance with the Non-averaging Option must comply with a per gallon minimum oxygen content of 1.8% by weight April 1 - October 31.

NOTE: Dates represent compliance dates for service stations and fleet owners.

TABLE 3 - TYPE 3 GASOLINE STANDARDS

	Non-averaging Option	Averaging Option		
	A	B	C	D
Fuel Property	Per Gallon (minimum)	Average	Minimum (per gallon)	Maximum (per gallon)
VOC Emission Reduction (%) June 1 - Sept 30	$35.1	$36.6	$32.6	N/A
NOx Emission Reduction (%) June 1 - Sept 30	$ 0	$ 1.5	$-2.5	N/A
Oxygen, ethanol, (% by weight) June 1 - Sept 30	2.0	2.1	1.5	4.0
Oxygen, other than ethanol, (% by weight) June 1 - Sept 30	2.0	2.1	1.5	3.5*

* Maximum oxygen content must comply with the EPA oxygenate waiver requirements.

NOTE: Dates represent compliance dates for service stations and fleet owners.